



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

April 08, 2002

Community Reinvestment Act Performance Evaluation

**The First National Bank of St. Mary's at Leonardtown
Charter Number: 6606**

**41615 Park Avenue
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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 First National Bank Of St. Mary's At Leonardtown** with respect to the Lending, Investment, and Service Tests:

Performance Levels	The First National Bank of St. Mary's Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	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:

- Good lending activity during the evaluation period, with the bank ranked first for the number of small business and small farm loans in 2000 in their assessment area;
- A majority of home mortgage loans, small loans to businesses and farms, and consumer loans originated/purchased by the bank over the evaluation period were within its assessment area. Overall, 90% of the number of loans were within the assessment area;
- A good distribution of home purchase and refinance loans to borrowers of different incomes, a good distribution of loans to small sized businesses, an excellent distribution of loans to small sized farms, and an excellent distribution of consumer loans to borrowers of different incomes;
- Community development loans had a positive impact on the bank's Lending Test rating;
- An adequate level of qualified community development investments;
- The bank's service delivery systems are reasonably accessible to individuals of different income levels in the assessment area; and
- An adequate 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

The First National Bank of St. Mary's (FNB) is a subsidiary of Mercantile Bankshares Corporation (Mercantile), a 21-bank holding company headquartered in Baltimore, Maryland. In addition to the banks, Mercantile provides mortgage banking services primarily through its affiliate Mercantile Mortgage Corporation, a subsidiary of Mercantile-Safe Deposit and Trust Company. Mercantile had total assets of \$9.9 billion as of December 31, 2001. The Mercantile banks are all locally managed and are headquartered in Maryland, Delaware and Virginia.

FNB, headquartered in Leonardtown, Maryland, is an intrastate community bank with seven full service branches located in southern Maryland. In addition to providing a complete range of commercial and personal banking products throughout Saint Mary's County, FNB offers investment, trust, and cash management services to its customers.

FNB has one subsidiary, FNBSM Holding & Investments. The subsidiary was established for tax purposes to hold the bank's investments. Recent changes to tax laws in Maryland have eliminated the benefit of maintaining the subsidiary, so it is being phased out as the investments mature. As of December 31, 2001, FNBSM Holding & Investments had total assets of \$4.7 million and net income for the year of \$5.8 million. The subsidiary had no impact on the bank's capacity for community reinvestment

As of December 31, 2001 bank assets totaled \$357 million, \$216 million, or 60% of which were net loans and \$124 million, or 35% were investments. Total deposits were \$298 million. Tier 1 Capital was \$48 million. The loan portfolio consists primarily of one- to four-family residential mortgages, at 43% and commercial and commercial real estate loans, at 37%. Loans to individuals represent 10% of the loan portfolio, construction and development loans were 9%, and loans for multifamily dwellings were 1%.

The bank's primary business focus is providing business loans and consumer loans within their assessment area. For residential real estate home mortgage-related lending, the bank offers an adjustable rate mortgage product with rate adjustments every one or three years with a maximum maturity of 25 years. These mortgages are retained in FNB's loan portfolio and are therefore able to be underwritten with more flexibility than mortgages that are sold into the secondary market. For borrowers that want other types of home mortgage products, FNB refers them to Mercantile Mortgage Corporation (MMC), which offers a complete array of home mortgage loan products. FNB also has a focus on both commercial and residential real estate construction lending.

CRA was most recently evaluated as of March 23, 1998. The bank received a "satisfactory" rating as a result of that review.

The bank has no limitations imposed by size, financial condition, or statutory, regulatory, economic, or other constraints, to respond to safe and sound opportunities in the assessment area for lending, investing, or providing services.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for home mortgage, small business, small farm, and consumer loans is January 1, 1998 to December 31, 2001. The evaluation period for community development (CD) loans, investments, and services cover activity from March 23, 1998, which is the date of the last CRA examination, to April 8, 2002.

Data Integrity

As part of the CRA evaluation, FNB's publicly filed information on small loans to businesses and farms were tested for data integrity. Because the bank is not subject to HMDA data reporting requirements, we used a loan sample representing 17% of all home mortgage loans to perform the home mortgage loan analysis. The sample included a representation of both home purchase loans and home refinance loans for each year of the evaluation period. The Fair Housing Home Loan Data System (FHHLDS) home loan activity log was used to determine the number of home purchase loans and home refinance loans in the sample as well as the total number of home mortgage-related loans. We were unable to verify the dollar volume of loans because FHHLDS home loan activity log does not require that mortgage loan origination amounts be collected and maintained. The consumer loan information is not required to be filed, nor is it required to be evaluated. However, the bank has opted to have it included in its evaluation and this information was also tested for accuracy. The test included an evaluation of FNB's processes to ensure that data are reliable.

No material errors were found in the loan data.

CD loans, investments, and services submitted by FNB management were verified to ensure that they met the regulatory definition for CD. All items submitted by FNB for consideration were included in the evaluation as they met the definition and purpose of CD.

Selection of Areas for Full-Scope Review

The bank has one assessment area located in a nonmetropolitan statistical area. The Saint Mary's County assessment area received a full-scope review.

Ratings

The overall bank rating is based on the full-scope review of the entire Saint Mary's County assessment area. Small business lending received the most weight when the Lending Test rating was arrived at, based on the volume of originations during the evaluation period.

Other

One community contact was made during the evaluation. The contact represented a local housing authority. The contact identified the need for affordable housing for purchase or rent within the County. Please refer to the Market Profile in Appendix B for more information.

Fair Lending Review

An analysis of the most recent public comments, consumer complaint information and small business and small farm lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed as of March 23, 1998.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the Saint Mary's County assessment area is rated "**High Satisfactory**". Based on a full-scope review of the bank's assessment area, the bank's performance is good.

Lending Activity

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

The bank's lending activity is good. As of December 31, 2001, FNB's net loans to deposits ratio was 72%. The bank had 43% of the deposit market share as of June 30, 2001 within the assessment area and was ranked first for their level of deposits.

During the evaluation period, 71% of all loans originated/purchased were consumer loans. Home mortgage-related loans comprised 7%, small loans to businesses were 19% and small loans to farms were 3%. If consumer loans were excluded, home mortgage loans would represent 22% of loans originated/purchased, small loans to businesses would be 68% and small loans to farms would be 10%.

Because the bank's assessment area is located in a non-metropolitan statistical area where HMDA information collection and reporting is not required, market share information for home mortgage loans is not available. St. Mary's County Real Estate Sales Directory, a home purchase sales report, disclosed that FNB ranked 5th with 4% of the market share in 1999, 2nd with 5% in 2000 and 5th with 5% in 2001. As previously noted, the bank offers only one or three-year adjustable rate mortgages. Customer requests for other types of home mortgage products are referred to MMC. FNB and MMC's combined home purchase loan activity showed a 1st place ranking in market share in years 1999 with 7%, 2000 with 8% and 2001 with 9%.

Based on 2000 peer data, FNB ranked 1st in market share with 25% of the number of all small business loans originated/purchased within their assessment area. The closest financial service competitor had 21% market share. FNB also ranked 1st in market share with 86% of the number of all small farm loans in their assessment area. The closest financial service competitor had 11% of all small farm loans. The major competitors include nationwide finance companies, credit card banks and large regional banks.

Consumer loans consist of home equity lines, motor vehicle, other secured and other unsecured loans. There is no market share data available for consumer lending. The dollar volume of consumer loans originated comprises 44% of FNB's Tier 1 capital, which provides perspective on the significant size of this lending activity. There is no market share data available for consumer lending.

Distribution of Loans by Income Level of the Geography

The distribution of loans by income level of the geography is not meaningful. FNB has no low-or moderate-income geographies in its assessment area.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any unexplained conspicuous gaps in lending.

Inside/Outside Ratio

The inside/outside ratio was analyzed at the bank level. Overall, 90% of the number of all loans originated/purchased over the evaluation period were within the assessment area. Eighty-eight percent of the dollar volume of small business loans, small farm loans and consumer loans originated/purchased were within the bank's assessment area. Dollar volumes for mortgage loans were not available.

Of the home mortgage loans, 95% of the number of mortgage loans were within the bank's assessment area. Ninety-seven percent of the number of home purchase loans and 95% of the number of home refinance loans were within the assessment area. As previously noted, the number of home mortgage loans was obtained from the bank's FHHLDS Home Activity Log which does not require the origination amounts of home mortgage loans to be collected and maintained.

With respect to the small loans to businesses, 89% of the number and 86% of the dollar volume were within the assessment area. Ninety percent of the number and 96% of the dollar volume of small loans to farms were within the assessment area. Consumer loans were 90% and 89%, respectively. This performance positively impacted the overall analysis of the lending component.

Distribution of Loans by Income Level of the Borrower

FNB's overall distribution of loans by borrower income level reflects good penetration among customers of different income levels, and to business and farm customers of different sizes, in the assessment area. The distribution of each product is described below.

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.

FNB is not required to collect or report home mortgage loan information under the HMDA regulation since their assessment area is in a non-MSA. However, home mortgage loans comprised a substantial portion of the bank's loan portfolio and were included in order to perform a meaningful analysis. We analyzed the distribution of home mortgage loans based on a sample of home purchase loans and home mortgage refinance loans representing 17% of all home mortgage loans originated/purchased within the

bank's assessment area. Market share information is not available for home mortgage loans by product type.

The borrower distribution of home purchase lending is good. The proportion of loans to low-income borrowers equaled the percentage of low-income families and the proportion of moderate-income borrowers substantially exceeded the percentage of moderate-income families.

FNB does not have a home improvement loan product. Other loan products such as home equity loans and lines offered by the bank may be used for the purpose of home improvement.

The borrower distribution of home refinance lending is good. The proportion of loans to low-income borrowers was below the percentage of low-income families. However, the proportion of loans to moderate income borrowers substantially exceeded the proportion of moderate-income families.

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.

We analyzed the distribution of small business loan originations by calculating the percentage of loans made to small businesses. A small business is defined as a business with gross annual revenues of \$1 million or less. We also evaluated the distribution of loans by original amount regardless of business size.

The distribution of small business loans is good. Although the percentage of small business loans was below the percentage of small businesses within the bank's assessment area, a substantial percentage of loans were made to small-sized businesses. The market share for loans to businesses with gross annual revenues of \$1 million or less significantly exceeded their overall market share for all small business loans. A substantial majority of small loans to businesses were for amounts less than \$100 thousand.

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.

We analyzed the distribution of small farm loan originations by calculating the percentage of loans made to small farms. A small farm is defined as a farm with gross annual revenues of \$1 million or less. We also evaluated the distribution of loans by original amount regardless of the farm size.

The distribution of small farm loans is excellent. The percentage of loans to small farms exceeded the percentage of small farms in the assessment area. FNB's market share for small farms loans was dominant with loans to farms with gross annual revenues of \$1 million or less slightly exceeding the percentage of overall market share. An overwhelming majority of small loans to farms were for amounts less than \$100 thousand.

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 distribution of consumer loans is excellent. The percentage of loans to low and moderate-income borrowers substantially exceeded the percentage of low and moderate-income households in the assessment area.

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.

Community development lending had a positive impact on the bank's Lending Test conclusions. During the evaluation period, the bank provided a \$1.4 million loan for the construction/permanent financing of the third building of a three-building elderly housing complex. The complex will consist of a total of 208 rental units, of which 70% will be for low- and moderate-income elderly residents.

In addition, FNB originated a number of loans with community development characteristics throughout the assessment area that were included in the small loans to businesses totals. These loans had a positive impact on the assessment area.

Product Innovation and Flexibility

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

FNB does not have a minimum loan amount. This has helped low- and moderate-income people with limited credit needs obtain small dollar amount loans as an alternative to accessing high-interest rate credit cards.

FNB committed to participate \$100 thousand in a homeownership opportunities revolving loan fund. The fund will expand the opportunities for low- and moderate-income people to become homeowners in land-leased communities through the use of state grant funds, local housing authority funds, bank funds, and the housing authority's homeownership voucher program. FNB provided leadership in establishing the loan fund. While no loans were made during the evaluation period, a \$25 thousand loan was approved during our examination.

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 of the bank's assessment area, 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 a multi-year

investment consisting of the purchase of a total of \$935 thousand in bonds from the statewide housing fund. The fund assists Maryland's low- and moderate-income residents to finance the purchase of affordable housing. This investment was neither innovative nor complex, but was responsive to the overall need within the state for affordable housing.

In addition, FNB provided a number of grants to a variety of community development related organizations totaling \$6 thousand. Of note are multi-year grants to an organization that remodels and renovates homes for low- and moderate-income individuals and families, and to an organization that provides group homes, transportation, career assistance and counseling to at-risk young adults.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**Low Satisfactory**". Based on a full-scope review of the bank's assessment area, the bank's performance is adequate. Because the bank has no low- or moderate-income geographies, the rating is based primarily on the quality of community development services intended to benefit low- and moderate-individuals.

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.

FNB's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area. The bank has no low- or moderate-income geographies in its assessment area. Seventy one percent of the bank's branches are in middle- and 29% are in upper-income geographies.

Branch offices are located throughout Saint Mary's County in the towns of Leonardtown (head office and Breton branch), Lexington Park (including the Esperanza branch), Patuxent River, Hollywood, and Charlotte Hall. All branches offer a full array of banking services. With the exception of the head office, all branches have drive up tellers and ATMs that both give cash and take deposits and are available 24 hours per day. Hours of operation are similar with the exception of the Patuxent River branch, which has no Saturday hours. The branch is located on the Patuxent River Naval Air Station base, which is open Monday through Friday. The majority of base employees, which are civilian employees, government contractors, commissioned officers, and non-commissioned officers, do not live on the base. As well, when the branch opened in the 1940's, the bank and the Navy agreed that the hours of operation would exclude Saturday.

The bank closed one limited service branch located in the Wildewood Retirement Village, a gated independent elderly living community, during the evaluation period. The branch is not located in a low- or moderate-income geography, nor are the residents primarily low- or moderate-income. The branch was closed due to a lack of profitability as the expected level of new customers was not realized, and the gate limits accessibility strictly to residents of the retirement village. While the formal branch has been closed, the bank continues to provide ongoing service to their customers at the retirement village by sending the Hollywood branch manager there for one hour per week to conduct banking transactions.

Additionally, the retirement village has a shuttle bus that takes residents to various locations throughout the community including branches and ATMs of other banks. There is also a public transportation service that takes residents to various locations including branches of FNB. There is a discounted fare for senior citizens.

FNB offers a *Community Organization Account*, which is available to all religious, philanthropic and civic organizations. The organizations receive a regular checking account with no minimum balance requirement and no monthly service charge.

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

FNB 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 188 Mercantile Bankshares bank branch located throughout Maryland, Delaware, Virginia and York, Pennsylvania. They can access their accounts at no charge at any of the 163 ATMs Mercantile network of banks. 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.

Because there is a large population of Amish and Mennonites in the bank's assessment area, FNB provides a variety of flexible services to address their banking needs. Examples include sending bank employees to family meetings to discuss deposit and loan options; working with customers to complete and submit loan applications and financial statements, open deposit accounts, and transmit loan payments to the bank, outside standard banking hours and at the customer's place of employment, and attending community meetings to offer advice on land purchases and general banking.

Community Development Services

FNB provides an adequate level of community development services to a variety of organizations in its assessment area. Bank employees provide their financial and technical expertise to community organizations. The community development services provided are responsive to community development needs, including the need for affordable housing and small business loans. Example of community development services include:

- A bank officer provided his financial expertise as a member of a country-wide affordable housing task force. The task force assessed low- income housing needs and presented solutions to address those needs through the construction of single and multi-family housing.
- A bank officer provided his financial expertise and technical assistance as the chairperson of a county-wide government housing information fair. The fair presented information to the public regarding homeownership for low- and moderate-income people, including first time homebuyers and construction/permanent lending programs. The fair was well attended by local residents.
- A bank officer is a member of a loan review committee at a local townhouse community for low- and moderate-income families. He provides his financial and technical expertise by reviewing

credit applications and structuring loans for the purchase of these townhouses by low- and moderate-income families.

- A bank officer provides his technical assistance as a board member of a local nursing home that provides housing and medical care for low- and moderate-income people.
- A bank officer provides his financial expertise as a board member of a county-wide economic development organization.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation and loan products considered.

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/98 to 12/31/01 Investment and Service Tests and CD Loans: 03/23/98 to 04/08/02	
Financial Institution	Products Reviewed	
The First National Bank of St. Mary's at Leonardtown (FNB), Leonardtown, Maryland	Home purchase and refinance loans, small business loans, small farm loans, motor vehicle loans, secured and unsecured consumer loans, home equity lines and loans, and community development loans.	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Saint Mary's County	Full-scope	

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Saint Mary's County Nonmetropolitan Full-Scope Area(.....	B-2
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Saint Mary's County Nonmetropolitan Full-Scope Area

Demographic Information for Full-Scope Area: Saint Mary's County Non-metropolitan Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	13	0	0	46	54	0
Population by Geography	75,974	0	0	49	51	0
Owner-Occupied Housing by Geography	27,863	0	0	42	58	0
Businesses by Geography	2,631	0	0	48	52	0
Farms by Geography	130	0	0	35	65	0
Family Distribution by Income Level	19,817	13	15	21	51	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	5,570	0	0	61	39	0
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$33,695 = \$54,800 =6.75%	Median Housing Value Unemployment Rate		= \$107,940 = 1.9%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The bank has one assessment area consisting of Saint Mary's County in its entirety in the state of Maryland. The bank's main office is located in Leonardtown, which is the county seat. As of December 31, 2001, FNB had 43% of the deposits in the County and was ranked first.

The bank has a total of seven branches within the assessment area. With the exception of the main office, all branches have drive-up tellers and 24-hour ATMs that both provide cash and take deposits.

Competition in the bank's assessment area is very strong. The bank's major competitors include local savings banks and credit unions, local large and small community banks, branches of large regional banks, and nationwide mortgage and small business lenders.

Economic conditions were described as strong by bank management throughout the assessment area. Public sector jobs, primarily defense-related, dominate employment, with defense contractors, such as DynCorp., BAE Systems, and Veridian Aviation Services, forming the largest private sector category in the County. The Patuxent River Naval Air Station is the largest employer in the County, with 18,000 employees of which 12,000 are Saint Mary's County residents. The Air Station is the headquarters of the Naval Air Systems Command and the Naval Air Warfare Center Aircraft Division. The Air Station has world class facilities, labs, and workforce to provide the full spectrum of research, development, testing and evaluation for air platforms. The largest non-defense related employers are Saint Mary's Hospital, Walmart, and Burch Oil Co. According to the Saint Mary's County Department of Economic and Community Development, population growth has been significant but steady. Most new jobs are high wage/high tech, the defense economy is strong, other areas of the economy continue to develop, and the unemployment rate in the County (as of February 2002 3.3%) is lower than the state average (as of February 2002 4.9%).

It can be difficult to find affordably priced housing in the bank's assessment area for low-income people, given the average median housing price of \$108 thousand. The maximum income for a borrower to be considered low-income is \$27 thousand, which could make it prohibitive for such a borrower to find a home at an affordable price.

Management has identified the need for affordable housing loans with low downpayment requirements, and home improvement loans. Also needed are infrastructure loans for small businesses.

We conducted one community contact for this examination with a local housing authority. The contact identified the need for affordable housing for purchase or rent within the County, especially given the continued widening of the income gap between those employed in the middle- and upper-income high tech defense industry jobs and those in low- or moderate-income jobs. The contact was generally positive about the level of participation provided by Mercantile Mortgage and FNB.

Appendix C: Tables of Performance Data

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. **Not applicable.**
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2. **Not applicable.**
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2. **Not applicable.**
- 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. **Not applicable.**

- 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. **Not applicable.**
- 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. **Not applicable.**
- 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. **Not applicable.**
- 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** - 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: St Mary's County						Evaluation Period: January 1, 1998 TO December 31, 2001				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA *	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans ***		% of Rated Area Deposits in MA/AA
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
St. Mary's County	100	366	N/A	1,096	73,501	161	2,869	1	1,400	1,258	77,770	100

* Loan Data as of 12/31/2001. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is 03/23/1998 to 04/08/2002.

*** Deposit Data as of 6/30/2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate. Does not include home mortgage loans as not required to be reported.

Table 1. Other Products

LENDING VOLUME		Geography: St Mary's County						Evaluation Period: January 1, 1998 TO December 31, 2001						
MA/Assessment Area:	% 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)	
Full Review:														
St. Mary's County	100	N/A	N/A	265	36,841	523	17,696	2,304	29,003	N/A	N/A	1,162	36,194	100

* Loan Data as of 12/31/2001. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Optional Product Line(s) is from 03/23/1998 to 04/08/2002.
 *** Deposit Data as of 06/30/2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: St Mary's County		Evaluation Period: January 1, 1998 TO December 31, 2001	
MA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
St. Mary's County	1,704	7,964	N/A	N/A	

* The evaluation period for Optional Product Line(s) is from 03/23/1998 to 04/08/2002.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: St Mary's County				Evaluation Period: January 1, 1998 TO December 31, 2001									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
St. Mary's County	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Based on 2000 Peer Mortgage Data: St. Mary's County Region.

** 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 housing 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: St Mary's County						Evaluation Period: January 1, 1998 TO December 31, 2001							
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
Full Review:															
St. Mary's County	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Based on 2000 Peer Mortgage Data: St. Mary's County Region.

** 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 housing units in a particular geography divided by 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: St Mary's County				Evaluation Period: January 1, 1998 TO December 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
St. Mary's County	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

* Based on 2000 Peer Mortgage Data: St. Mary's County Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by 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: St Mary's County				Evaluation Period: January 1, 1998 TO December 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
St. Mary's County	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

* Based on 2000 Peer Mortgage Data: St. Mary's Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by 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: St Mary's County						Evaluation Period: January 1, 1998 TO December 31, 2001						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses* **	% BANK Loans	% of Businesses** *	% BANK Loans	% of Businesses* **	% BANK Loans	% of Businesses** *	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
St. Mary's County	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Based on 2000 Peer Small Business Data: US.

** 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.

*** Source Data - Dun and Bradstreet 2000.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: St Mary's County						Evaluation Period: January 1, 1998 TO December 31, 2001						
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
Full Review:															
St. Mary's County	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Based on 2000 Peer Small Business Data: US.

** 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 2000.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: St Mary's County						Evaluation Period: January 1, 1998 TO December 31, 2001							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans***	% Families*	% BANK Loans***	% Families*	% BANK Loans***	Overa ll	Low	Mod	Mid	Upp
Full Review:															
St. Mary's County	28	100	13	13	16	27	21	30	50	30	N/A	N/A	N/A	N/A	N/A

* Based on 2000 Peer Mortgage Data: St. Mary's County Region.

** As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** 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 Not Applicable

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: St Mary's County				Evaluation Period: January 1, 1998 TO December 31, 2001					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overa ll	Low	Mod	Mid	Upp
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans*** *	% Families* **	% BANK Loans*** *	% Families* **	% BANK Loans*** *					
Full Review:															
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Based on 2000 Peer Mortgage Data: St. Mary's County Region.

** As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** 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: St Mary's County				Evaluation Period: January 1, 1998 TO December 31, 2001					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans***	% Families**	% BANK Loans***	% Families**	% BANK Loans***	Overall	Low	Mod	Mid	Upp	
Full Review:																
St. Mary's County	33	100	13	9	16	25	21	33	50	33	N/A	N/A	N/A	N/A	N/A	

* Based on 2000 Peer Mortgage Data: St. Mary's County Region.

** As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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: St Mary's County			Evaluation Period: January 1, 1998 TO December 31, 2001				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses**	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
St. Mary's County	1,096	100	89	77	81	15	4	25	41

* Based on 2000 Peer Small Business Data: US.

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

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

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 6% 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: St Mary's County			Evaluation Period: January 1, 1998 TO December 31, 2001				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
St. Mary's County	161	100	96	98	96	3	1	86	89

* Based on 2000 Peer Small Business Data: US.

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

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

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

Table 13. Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution:		CONSUMER LOANS Geography: St Mary's County										Evaluation Period: January 1, 1998 TO December 31, 2001							
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	
Full Review:																			
St. Mary's County	3,989	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13	24	14	24	20	23	53	29	

* 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 the 1990 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: St Mary's County				Evaluation Period: March 23, 1998 TO April 8, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
St. Mary's County	1	16	6	941	7	957	100	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: St Mary's County																	
Evaluation Period: March 23, 1998 TO April 8, 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
Full Review:																	
St. Mary's County	100	7	100	0	0	71	29	0	1	0	0	-1	0	0	0	49	51