
Comptroller of the Currency
Administrator of National Banks

LARGE
BANK

Northeastern District
Maryland/National Capital Area Field Office
1025 Connecticut Avenue, N.W., Suite 708
Washington, DC 20036

Public Disclosure

January 19, 1999

Community Reinvestment Act Performance Evaluation

**Farmers and Mechanics National Bank
Charter # 1267**

**110 Thomas Johnson Drive
Frederick, Maryland 21705**

**Comptroller of the Currency
Maryland/Capital Area Field Office
1025 Connecticut Avenue, N.W.
Suite 708
Washington, D.C. 20036**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the

safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency, when examining financial institutions subject to its supervision, to use its authority to assess the 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. Upon the examination's conclusion, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Farmers and Mechanics National Bank** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **January 19, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in appendix A to 12 CFR part 25.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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 safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

Limited-Scope 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, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders equity, perpetual preferred shareholders equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

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

The following table indicates the performance level of **Farmers and Mechanics National Bank (F&M)** with respect to the lending, investment, and service tests.

Performance Levels	Farmers and Mechanics National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	x		x
High satisfactory			
Low satisfactory		x	
Needs to improve			
Substantial noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating

The major factors supporting this rating are:

- “ Strong lending levels, with loan originations during the evaluation period representing 30% of average assets;
- “ Excellent loan penetration, particularly in low- and moderate- income geographies;
- “ Excellent loan penetration among customers of different income levels and businesses of different sizes;
- “ Extensive use of innovative and/or flexible programs and products targeted to first-time homebuyers and start-up companies;
- “ Readily accessible delivery systems, and leadership in providing community development services;
- “ A substantial majority of loans are in the assessment area.

Description of Institution

Farmers and Mechanics National Bank (F&M), headquartered in Frederick, MD, had average assets of \$855 million during the evaluation period from January 1, 1997 to December 31, 1998. The bank is a wholly owned subsidiary of F&M Bancorp, Inc., and has an investment subsidiary, Key Management, Inc. F&M competes with several large regional banks in its entire assessment area, described in detail below, but is the largest deposit taker in Frederick County, MD, where a substantial portion of its operations is located.

Description of Assessment Area

F&M's assessment area is compliant with the requirements of CRA and does not arbitrarily exclude any low- or moderate-income areas. During the evaluation period, the assessment area included all of Frederick County (33 census tracts) and the northern portion of Montgomery County (38 census tracts) from Primary MSA #8840; and the western portions of Carroll County (11 census tracts) and Howard County (2 census tracts) from PMSA # 0720. The four counties are contiguous and both PMSAs are part of the Consolidated Metropolitan Statistical Area (CMSA) of Washington - Baltimore, DC-MD-VA-WV. F&M had branches in Frederick, Montgomery, and Carroll counties. A break down of the census tracts by income characteristics is provided in the table at the end of this section. One census tract, located in a state park, does not have any income designation.

To identify credit needs we used community contacts and other information. There were three specific community contacts which represent both the public and private sectors and advocates for a broad spectrum of community needs. These contacts include two county-level government agencies, one for affordable housing and another for economic development, and a statewide community development company primarily for small business. We also used other information including "Consolidated Plans" prepared by local governments when they apply for federal grants. These "Consolidated Plans" focused primarily on the affordable housing needs of their communities. Identified credit needs, based on the community contacts and other information sources, include home purchase mortgages for low- and moderate-income families and first-time home buyers, and rehabilitation loans for rental housing. Economic revitalization and job creation have also been identified as community development needs, and include financing of start-up companies and job training. There are limited opportunities for *qualified* investments in the assessment area. One community contact stated that, while two municipalities are in need of revitalization, they do not want any assistance. Another contact stated that funding "unbankable credit" may result in higher credit risk for financial institutions. Finally, developers are significant players in the housing market and provide their own financing or work with the larger banks in providing financing.

ASSESSMENT AREA PROFILE: Consolidated MSA # 8840 - Washington, DC, Baltimore						
Demographic Characteristics	#	\$	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population (#)	418,040		15	20	29	36
Median Income(\$)		51,166				
Census Tracts	84		4	15	60	20
Unemployment Rate - 1997 annual ave	3.7%					
Owner Occupied Housing (#)	104,575		1	12	66	21
Median Housing Value (\$)		145,560				
Small Businesses	14,896		3	19	61	17

Conclusions about Performance Tests

Scope of Review

Refer to Appendix A.

Lending Test

Lending Activity

Refer to Appendix B, Table 1 - Lending Volume - for the data used in this analysis.

Lending levels reflect excellent responsiveness to the credit needs of the assessment area. During the evaluation period, F&M reported originations of home mortgages, small business, small farm, and community development loans which aggregated \$174 million. These loan originations represent 20% of average assets. We gave primary weight to originations of home mortgages and small business loans in our evaluation. While a significant portion (69%) of reported loan originations were to small businesses, home mortgages remain a primary need in the assessment area. Thus we gave equal weight to home mortgages and small business loans in our evaluation. F&M originated a total of \$51 million for home mortgages or 29% of total reported loans. We also considered consumer loans at the bank's request. Consumer loan originations of about \$80 million represent another 10% of average assets. Consumer loans considered for purposes of this evaluation are home equity, motor vehicle, and unsecured personal loans.

Assessment Area Concentration

A substantial majority of all the loans originated by F&M were made in the assessment area, representing 85 percent of the number and 86 percent of the amount. For purposes of our analysis, we only consider loans originated in the assessment area. These are detailed in the tables in Appendix B.

Geographic Distribution of Loans

Refer to Appendix B, Table 2 - Geographic Distribution of Home Mortgage Loan Originations; Table 4 - Geographic Distribution of Small Business Loan Originations; Table 6 - Geographic Distribution of Small Farm Loan Originations; and Table 8 - Geographic Distribution of Consumer Loan Originations - for the data used in this analysis.

The geographic distribution of loans reflects an excellent penetration throughout the assessment area, and particularly in the low- and moderate-income geographies. There are no conspicuous gaps in the bank's lending activities. The distribution of small business loans in low-income geographies significantly exceeded the percent distribution of small businesses in those geographies, and

approximated the distribution of businesses in moderate-income geographies. Furthermore, its market share in the low- (4.1%) and moderate-income (2.5%) census tracts exceeds its overall market share (2.1%) of small business loan originations. F&M achieved a market ranking of tenth in the entire assessment area, behind much larger financial institutions. Market position is strong, particularly in Frederick County where it has achieved a ranking of number one in each level of income category of geographies.

F&M originates mortgage loans for home purchase and refinance. Its penetration rate for home mortgage loans, particularly in the low- and moderate-income geographies, is excellent when compared to the percent distribution of owner-occupied units. Its market share in the moderate-income census tracts significantly exceeds its overall market share in mortgage loan originations for home purchase and refinance. Its market share in the low-income census tracts substantially exceeds its overall market share in mortgage loan originations for refinance.

Performance is also strong for small farm and consumer loan originations as shown in the corresponding tables for these products. F&M's rate of origination of small farm and consumer loans exceeded the percent distribution of farms and the population, particularly in the low- and moderate-income geographies.

Borrower's Profile

Refer to Appendix B, Table 3 - Borrower Distribution of Home Mortgage Loan Originations; Table 5 - Borrower Distribution of Small Business Loan Originations; Table 7 -Borrower Distribution of Small Farm Loan Originations; and Table 8 -Borrower Distribution of Consumer Loan Originations - for the data used in this analysis.

The distribution of loans reflects excellent penetration among retail customers of different income levels and business customers of different sizes. F&M originated half of its small business loans to businesses with revenues \$1 million or less, slightly exceeding market performance at 48% in this category. Furthermore, its market share (2.9%) of loan originations to *small businesses* exceeded its market share (2.3%) of loan originations to businesses of all sizes. F&M originated 77 percent of its small business loans in amounts \$100,000 or less. While somewhat underperforming market originations in this category, F&M's overall origination of loans to smaller businesses and in smaller amounts is responsive to the credit needs of the small business sector. Its market position of number ten in the entire assessment area is impressive considering the fact that much larger institutions outrank it. However, its market position in Frederick County of number one in loan originations to businesses with revenues \$1 million or less is particularly noteworthy. This overall strong performance in small business lending is the result of several innovative and flexible programs and products targeted to start-up and under-capitalized companies. Financing of start-up companies in particular has been identified as a credit need in the assessment area. Loans of this type are offered via loan pools in which F&M is an active participant. These loans are typically in amounts less than \$50,000, with extended repayment

periods, and no collateral requirement. F&M is also a lender with the Small Business Administration. Innovative and flexible programs are discussed in the Product Innovation section of this PE.

Origination of home mortgage loans, particularly to low- and moderate-income borrowers, is excellent when compared to the percent distribution of families by income-level. F&M's rate of origination of mortgages for purchase and refinance exceeded the percent distribution of low- and moderate-income families. Furthermore, its market share in lending to low- and moderate-income borrowers exceeded the overall market share in total HMDA, and in home purchase and refinance loans. This strong performance reflects F&M's active participation in programs aimed at increasing home ownership among low- and moderate-income individuals, such as the First-Time Homebuyer Program of the Federal Home Loan Bank of Atlanta and the USDA-Rural Development mortgage programs. Innovative and flexible programs are discussed in the Product Innovation section of this PE.

F&M's origination rate for consumer loans, particularly to the low- and moderate-income borrowers, exceeded the percent distribution of households in these income categories.

Community Development Lending

F&M has made an adequate level of community development loans during this evaluation period, originating two such loans for an aggregate amount of \$375,000. These loans financed affordable housing developments and reflect F&M's ongoing partnership with the largest nonprofit developer in the area. Such partnership has resulted in the construction of 26 units of affordable housing targeted to low- and moderate-income individuals. F&M's partnership with this nonprofit has been recognized by government agencies as a model program.

Product Innovation

F&M makes extensive use of innovative and/or flexible lending practices. Such practices have resulted in increased homeownership and in financing to "unbanked" small businesses. Through the USDA/Rural Development program, F&M originated 19 loans for a total amount of \$917,000. Loans under the USDA/Rural Development program provide 100% financing for first-time homebuyers. F&M was one of the first banks in the area to participate in the USDA/Rural Development beginning in 1994. For loans in areas not designated rural by or which do not conform to USDA/Rural Development underwriting standards, F&M commits annually \$1 million. During the evaluation period, F&M originated 19 loans for a total amount of \$1.9 million under this internal program. Through the Federal Home Loan Bank First-time Homebuyer Program (FHP), F&M assisted 16 families with closing cost grants and originated loans totaling \$1.2 million. F&M waived the normal underwriting fee, reduced rate to allow affordability, and contacted a local law firm to reduce their charges for borrowers under the FHP program. F&M recently developed a program in partnership with the Frederick City Housing Authority to enable Frederick County residents to transition from public housing residents to first-time homeowners. F&M has committed \$400,000 in funding under this program, but to-date

there has not been any origination.

F&M participates in loan funds in Frederick and Montgomery counties which allow small businesses to obtain financing they otherwise will not be able to get. F&M was one of the founding banks in the Frederick County Business Alliance which started in 1994. During the evaluation period, 30 loans for an aggregate amount of \$1.4 million were funded under the Montgomery County Bankers' Small Business Loan Fund. This fund provides loans to small businesses which may not be able to obtain traditional financing. F&M has been a participant in this fund for the last two years. F&M also participates in a new fund designed to assist companies in the high tech sector, originating one loan for \$250,000. F&M is also a certified SBA lender, originating six loans for a total amount of \$725,000 since the last examination. Finally, to provide credit to disadvantaged businesses, start-up businesses, and in loan amounts less than \$100,000 in amount, F&M organized a Small Business Lending unit in 1997. This unit has originated 205 loans for an aggregate amount of \$7.1 million during this evaluation period.

Investment Test

Refer to Appendix B, Table 9 - Qualified Investments - for the data used in this analysis.

F&M has an adequate level of qualified investments which aggregated 33 in number, and \$72 thousand in amount. These investments are all in the form of grants made during the evaluation period. As previously stated, there are limited opportunities for *qualified* investments in the assessment area. One community contact noted that, while two municipalities are in need of revitalization, they do not want any assistance. Another contact reported that funding "unbankable credit" such as start-up financing and venture capital may result in higher credit risk for financial institutions and, therefore, may not be compatible with safe and sound banking practices. In another case, another community contact described that there is only mild interest in the securitization of the guaranteed portion of a specific product they offer - the SBA 504 loan program. There are few developments which utilize low-income housing tax credits, because of the affluence of Frederick County. In the last five years, no project has received tax credit allocation. Given that there are limited opportunities for *qualified* investments in the assessment area, these grants reflect adequate responsiveness to credit and community development needs in the assessment area, most of which supported community services targeted to low- and moderate-income individuals. F&M also allows nonprofit organizations and other community groups to use bank facilities for meetings and bank equipment such as a copying machine for the reproduction of various materials. At least five such groups regularly use bank facilities and equipment. Use of bank facilities may be in connection with community development services F&M provides with these community groups. Examples are a home ownership training and a forum for minority-owned businesses. These in-kind contributions are not included in the aggregate number or amount of qualified investments above.

Service Test

Refer to Appendix B, Table 10 - Distribution of Branch and ATM Delivery Systems - for the data used in this analysis.

Service delivery systems are readily accessible to geographies and individuals of different income levels in F&M's assessment area. Compared to the percent distribution of the total population in the assessment area, shown in Table 10, the dispersion of branches and ATMs is better in the moderate-income areas, but not in the low-income areas. However, when compared to the percentage of families by income level of tract, the dispersion of branches and ATMs, also shown in Table 10, exceed the distribution of low-income families in the low- (5%) and moderate-income areas (26%), and the distribution of moderate-income families in the low- (2%) and moderate-income (20%) areas. As a result, branches are not only readily accessible, but also effective in providing services to all segments of the community as evidenced in the strong delivery of products, particularly loans, in low- and moderate-income areas and to low- and moderate-income individuals. A substantial portion of F&M branches and ATMs are in Frederick County where a corresponding portion of its lending activity is centered. F&M ranked number one lender in small business loan originations in each tract level in Frederick County.

There have been no changes in branch locations since the last evaluation.

F&M continues to operate a mobile branch which allows flexible delivery of banking services to all areas of the bank's assessment area. It makes regular stops at businesses and retirement facilities, and during public events. Services and product offerings are the same throughout the assessment area. All products and services are available in all branches. Lobby and drive-up hours are reasonable and vary from branch to branch in response to customer feedback. Management has been particularly cognizant of customer feedback in the low- and moderate-income areas. For example, these customers wanted extended drive-in hours. As a result of input from customers and branch associates, hours have been adjusted and the drive-in facilities are now open from 7 AM to 7 PM in one low-income area branch and in three moderate-income area branches.

F&M is a leader in providing community development services, particularly those targeted to first time home buyers and those who want to maintain or improve their financial literacy. F&M actively participates by providing financial expertise to and serving on the Board and/or committees of nine community-based organizations. F&M is represented on four nonprofits engaged in providing affordable housing and/or rehab assistance to low- and moderate-income individuals. F&M is involved in a fundraising capacity in these particular organizations. Additionally, F&M is also represented through membership in the Finance committee or as the Treasurer or Assistant Treasurer in four other nonprofits which provide food, shelter, and life skills to low- and moderate-income individuals.

F&M also participates in the Federal Home Loan Bank's Affordable Housing Program (AHP) and

First Time Homebuyer Program (FHP). These programs provide grants to developers of affordable housing and rental units for low- and moderate-income individuals, and subsidies toward the closing costs and/or downpayment for first time homebuyers. F&M's role is to assist developers and first time homebuyers in submitting applications to the FHLB. Additionally, the FHP program requires homeownership training. Such training is provided by the bank at its corporate facility. During the evaluation period, F&M assistance resulted in \$195,000 in grants under AHP, and \$100,000 in grant monies under the FHP. F&M is the only bank in the area which has participated in the FHP.

F&M also offers informational seminars on the basics of home ownership, budgeting, the loan application process, and understanding credit. The bank has developed a five-workbook series for the first time home buyer, and two video programs for elementary school students enabling them to learn the basics of money and credit for individuals and businesses. These programs are well received by members of the community, including the nonprofit sector. These educational programs are often conducted in partnership with the same community-based organizations referred to earlier. There are nine nonprofit organizations and agencies in the assessment area which use these seminars. F&M has also made a three-year commitment to an organization to provide "life skills" through budgeting and credit workshops targeted to homeless individuals. During the evaluation period, F&M offered a total number of eight homeownership workshops. Each workshop is held in four two-hour sessions. A total of 20 families completed the home ownership workshops and 16 families have been able to purchase a house through one of the bank's first-time homeownerhsip programs. Bank employees serve as instructors at these workshops, along with other community volunteers. There were other seminars on basic financial skills, such as budgeting, credit, and checkbook reconcilment. During the evaluation period, F&M conducted a total of 30 one-hour long seminars in this category to about 180 individuals.

Fair Lending Review

A concurrent fair lending review did not identify any violations of the substantive provisions of the anti-discrimination laws and regulations. We compared mortgage loans for refinancing using sex as the prohibited basis. The target group consisted of females whose applications were denied. The control group consisted of males whose applications were approved. Management has established an effective compliance management program which includes bank-wide training and testing to ensure compliance with fair lending regulations.

Appendix A: Scope of Examination

Time Period Reviewed	1/1/97 to 12/31/98*		
Financial institution Farmers and Mechanics National Bank	Products reviewed Home mortgages, and small business, small farm, and consumer loans** (home equity, motor vehicle and unsecured personal loans)		
Affiliate(s)	Affiliate relationship	Products reviewed	
Key Management, Inc.	Subsidiary	Investments	
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
Includes portions of consolidated MSA # 8840 Washington, DC-MD-VA-WV	On-site	Main Office	None

*The last CRA evaluation was dated January 20, 1997.

** F&M has requested that we consider consumer loans in this evaluation.

Appendix B: Tables

Table 1. Lending Volume

LENDING VOLUME													State: Maryland	Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
CMSA # 8840	100	650	51,107	1,262	119,446	52	3,453	2	375	1,966	174,381	100%			

Table 2. Geographic Distribution of Home Mortgage Loan Originations

Geographic Distribution: HMDA State: Maryland Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area: CMSA # 8840	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total HMDA Loans	
	% 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	#	% of Total
HOME PURCHASE	0.7%	1.0%	11.7%	36.9%	66.1%	59.2%	21.5%	2.9%	56	0.4	0.0	1.8	0.4	0.0	103	16%
HOME IMPROVEMENT	0.7%	0.0%	11.7%	0.0%	66.1%	0.0%	21.5%	0.0%	N/A	0.0	0.0	0.0	0.0	0.0	0	0%
REFINANCE	0.7%	5.5%	11.7%	31.4%	66.1%	55.9%	21.5%	7.2%	3	3.0	17.7	10.4	2.5	0.8	547	84%
MULTIFAMILY	0.7%	0.0%	11.7%	0.0%	66.1%	0.0%	21.5%	0.0%	N/A	0.0	0.0	0.0	0.0	0.0	0	0%
TOTAL HMDA	0.7%	4.8%	11.7%	32.3%	66.1%	56.5%	21.5%	6.4%	20	1.4	7.9	5.4	1.2	0.4	650	100%

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Borrower Distribution of Home Mortgage Loan Originations

Borrower Distribution: HMDA State: Maryland Evaluation Period: January 1, 1997 to December 31, 1998																
MSA/Assessment Area: CMSA # 8840	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total HMDA Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
HOME PURCHASE	14.9%	32.0%	20.0%	33.0%	28.7%	17.5%	36.3%	15.5%	56	0.4	1.1	0.6	0.3	0.0	103	16%
HOME IMPROVEMENT	14.9%	0.0%	20.0%	0.0%	28.7%	0.0%	36.3%	0.0%	N/A	0.0	0.0	0.0	0.0	0.0	0	0%
REFINANCE	14.9%	20.8%	20.0%	23.4%	28.7%	24.1%	36.3%	6.8%	3	3.0	9.2	3.9	2.8	1.8	547	84%
MULTIFAMILY	14.9%	0.0%	20.0%	0.0%	28.7%	0.0%	36.3%	0.0%	N/A	0.0	0.0	0.0	0.0	0.0	0	0%
TOTAL HMDA	14.9%	22.6%	20.0%	24.9%	28.7%	23.1%	36.3%	23.4%	20	1.4	3.4	1.6	1.2	0.8	650	100%

(*) As a percentage of loans with borrower income information available. No information was available for 6.0% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS																State: Maryland		Evaluation Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans							
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total						
CMSA # 8840	2.7%	6.7%	18.8%	17.3%	61.5%	66.2%	17.0%	9.8%	10	2.3	4.1	2.5	2.9	1.0	1,262	100%						

(*) Based on 1997 Aggregate Small Business Data only.

Table 5. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS										State: Maryland		Evaluation Period: January 1, 1997 to December 31, 1998			
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans						
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size (000'S)				
CMSA # 8840	75%	50%	48%	76.5	13.0	10.5	2.3	2.9	1,262	100%	\$94.6				

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 0.0% of loans originated by BANK.

(***) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM		State: Maryland		Evaluation Period: January 1, 1997 to December 31, 1998												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
CMSA # 8840	0.6%	2.0%	11.2%	19.2%	58.1%	76.9%	30.1%	1.9%	3	9.8	100	12.5	9.7	3.5	52	100%

(*) Based on 1997 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM			State: Maryland			Evaluation Period: January 1, 1997 to December 31, 1998					
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size (000'S)
CMSA # 8840	90%	47%	78%	80%	10%	10%	9.8	8.1	52	100	\$66.4

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 0.0% of loans originated by BANK.

(***) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1997 Aggregate Small Farm Data only.

(****) Based on 1997 Aggregate Small Farm Data only.

Table 8. Geographic and Borrower Distribution of Consumer Loan Originations (Optional)

Geographic and Borrower Distribution: CONSUMER LOANS																	State: Maryland		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	Geographic Distribution								Borrower Distribution											
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Total Consumer Loans			
	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Pop*	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	#	% of Total		
CMSA # 8840	1%	2%	15%	24%	64%	67%	19%	7%	16%	32%	18%	23%	26%	20%	40%	13%	5,951	100%		

(*) The percentage of the population in the MSA/assessment area that resides in these geographies.

Table 9. Qualified Investments

QUALIFIED INVESTMENTS											State: Maryland		Evaluation Period: January 1, 1997 to December 31, 1998			
MSA/Assessment Areas:	Affordable Housing		Community Service		Economic Development/ Small Business		Revitalize or Stabilize		Total Investments							
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s					
CMSA # 8840	5	6	20	58	8	8	0	0	33	72	100%					

Table 10. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM											State: Maryland		Evaluation Period: January 1, 1997 to December 31, 1998					
MSA/Assessment Area:	Deposits	Branches						ATMs				Population						
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
CMSA # 8840	100%	25	100	8	36	56	0	27	100	7	26	63	4	15	20	29	36	