



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

April 13, 1998

Community Reinvestment Act Performance Evaluation

**The Citizens National Bank
Charter Number: 4364
517 Main Street
Laurel, Maryland 20707**

**Comptroller of the Currency
Maryland/National 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 to use its authority when examining financial institutions subject to its supervision, 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 conclusion of such examination, 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 **The Citizens National Bank** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **April 13, 1998**. The agency evaluates performance in the 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 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated *Satisfactory*. The factors supporting the bank's overall rating include:

- ▶ a high percentage (80%) of HMDA, small business, and community development loans made within the assessment area that are responsive to the identified credit needs.
- ▶ excellent penetration in the distribution of small-sized small business loans and good penetration among business customers of different sizes;
- ▶ good penetration among low- and moderate-income individuals within the assessment area and good penetration among retail customers of different income levels;
- ▶ a relatively high \$2.5 million in community development loans, representing very good responsiveness to the identified credit needs of the assessment area;
- ▶ a good distribution of loans, particularly small business loans, throughout the assessment area;
- ▶ an adequate level of qualified investments throughout the assessment area;
- ▶ delivery systems that are accessible to essentially all segments of the assessment area, with no variation in services that would inconvenience certain portions; and,
- ▶ a relatively high level of community development services provided.

The following table indicates the performance level of The Citizens National Bank with respect to the lending, investment, and service tests.

Performance Levels	The Citizens National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		X
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.

Description of Institution

The Citizens National Bank (CNB), Laurel, Maryland, is an affiliate of Mercantile Bankshares Corporation (Mercantile). Mercantile is a \$7.2 billion dollar multibank holding company headquartered in Baltimore, Maryland. The holding company owns twenty-two financial institutions in Maryland, Virginia and Delaware. CNB is the second largest bank within the group and operates wholly within the State of Maryland.

CNB was chartered as a national bank in 1890, and became a subsidiary of Mercantile in 1968. CNB operates 17 full service branches throughout its assessment area. Every branch has drive-up facilities and ATM access. In addition, there is one remote ATM site located in the Commissary at Fort Meade.

As of December 31, 1997, CNB's assets totaled \$555 million. CNB offers a wide range of loan products including various types of commercial, consumer, and construction loans, as well as certain types of residential mortgage loans. Other conventional residential mortgage products are offered through a holding company affiliate, Mercantile Mortgage Corporation (MMC). The average loan-to-deposit ratio of 74% during the review period is comparable to national peer banks. Net loans averaged 61% of total assets during this same period. The loan portfolio is composed of real estate loans at 43% (35% commercial and 9% residential real estate), consumer loans at 37%, commercial loans at 17%, and municipal loans at 3%. There are no financial or legal constraints impacting CNB's ability to help meet its community's credit needs.

Strong Competition is provided by several large national and regional institutions, as well as other community banks in the area. Primary competitors include NationsBank, First Union, Crestar, First National Bank of Maryland, Sandy Spring National Bank, Columbia Bank and FCNB. CNB's business strategy calls for the bank to be a premier provider of relationship-oriented community banking services in the marketplace between Baltimore, MD, and Washington, DC.

Description of Assessment Area

CNB has defined one contiguous assessment area consisting of all of Howard County except one western census tract that is a state park, western Anne Arundel County, eastern Montgomery County, and northern Prince George's County in the State of Maryland. Both Howard and Anne Arundel Counties are in the Baltimore Metropolitan Statistical Area (MSA), 0720. Montgomery and Prince George's Counties are in the Washington DC MSA, 8840. These two MSA's are part of the Consolidated Metropolitan Statistical Area (CMSA) of Washington DC-Baltimore Maryland. The assessment area covers 104 whole census tracts and is located entirely within the Washington DC-Baltimore Maryland CMSA. The assessment area meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income areas.

The assessment area is populated by over 535 thousand individuals according to the 1990 US Census. The Housing and Urban Development (HUD) statewide 1998 metropolitan median family income is \$60,500, and the 1998 median family income for the assessment area is \$64,111. Housing units total are 196,724, of which 73% are one- to four-family units. Owner-occupied housing is 64% of the total housing stock, and renter occupied housing is 31%, while vacant housing accounts for 5% of the total.

The demographics and income characteristics of the bank's assessment area reflects the following:

ASSESSMENT AREA DEMOGRAPHICS			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Tracts</i>	<i>% of Households Residing in the Census Tracts</i>
Low	1	1%	< 1%
Moderate	8	8%	9%
Middle	47	45%	43%
Upper	47	45%	48%
Income Not Applicable	1	1%	0%
TOTAL	104	100%	100%

FAMILY INCOME CHARACTERISTICS	
Level of Income	Percent
Low	10%
Moderate	15%
Middle	24%
Upper	51%
Total	100%

The assessment area has 20,448 businesses of which 16,530 reported business revenues. For businesses reporting revenues, 14,389, or 87.1%, have annual revenues of less than \$1 million.

The local economy continues to improve and is performing well. Unemployment in the assessment area is low at 2% of the total population. Major employment is provided by federal and local governments, military, aerospace and electronics manufacturing industries, construction industries, services, retail trade firms, and the University of Maryland. Banking competition in the assessment area is strong.

Affordable multifamily rental housing, affordable 1-4 family housing, business district revitalization, small business lending and small business loans for new businesses were described as primary credit needs by bank management and community contacts. Community contacts included an affordable housing group and a business district revitalization group.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Scope of Review

This review of The Citizens National Bank’s CRA performance covers the time period from January 1, 1996 to December 31, 1997. The analysis is based on the bank’s small business loan data collection and Home Mortgage Disclosure Act - Loan Activity Reports (HMDA-LAR). Loan products evaluated include: HMDA-reportable loans (i.e. home purchase mortgage, refinance, and home improvement loans), small business loans and community development loans. This review also includes an evaluation of services provided and qualified investments made during the time period. At the request of the bank, HMDA loans reported by Mercantile Mortgage Corporation (MMC) for 1996 and 1997, within CNB’s assessment area, were included

in the analysis.

The small business loan data originally submitted by the bank for this review contained errors which required correction. After correction and data reverification, revised small business loan data was used to evaluate the bank's CRA performance.

LENDING TEST

The evaluation of lending performance is more heavily weighted toward small business lending because it comprises a larger portion of CNB's lending activity. Additionally, small business lending is an identified credit need within the assessment area.

Performance Criteria

Lending Activity

CNB lending levels reflect adequate responsiveness to assessment area credit needs. During the review period CNB originated 379 small business loans in its assessment area totaling \$25 million. CNB was in the top 10 out of 91 small business lenders within the assessment area. In addition, the bank originated 84 HMDA loans totaling \$3.7 million. These loans were primarily for home improvement. Other lending included several multifamily loans. Lastly, during the review period Mercantile Mortgage Corporation (MMC) originated 64 loans totaling \$8.4 million, within the bank's assessment area.

Lending Concentration

As the following table indicates, a high percentage of the number of CNB's loans are made within the assessment area. In addition, a high percentage of the dollar amount of small business loans originated by the bank are within the assessment area. The modest percentage of the dollar amount of HMDA and Community Development loans originated within the assessment area reflects a very large multifamily housing loan originated in a moderate-income census tract immediately adjacent to the bank's assessment area. This loan qualifies as a Community Development loan (refer to the Community Development Lending section of this evaluation for additional details).

LOAN ORIGINATIONS BY PRODUCT TYPE IN THE ASSESSMENT AREA DURING THE EVALUATION PERIOD (*)				
LOAN TYPE	# LOANS	% of TOTAL	\$ (000's)	% of TOTAL
HMDA	84	84%	3,703	50% (**)
Small Business	379	80%	25,457	81%
Community Development	3	75%	845	34% (**)
TOTAL	466	80%	30,005	72%

(*) This table reflects loans originated in the assessment area from January 1996 to December 1997.

(**) Penetration % adversely impacted by a very large multifamily loan originated immediately adjacent to the bank's assessment area.

Geographic Distribution of Loans

The geographic distribution of loans reflects good penetration throughout the assessment area. This is primarily based on the distribution of small business loans and the improved 1997 distribution of HMDA loans. Although strong competition exists in the assessment area from large, multi-state competitors, CNB is one of the top ten small business lenders.

Small Business Lending

The geographic distribution of small business lending is good. The following table shows that an average of over 13% of the bank's small business loans were originated in moderate income census tracts during the review period. These census tracts account for 7% of all small businesses within the bank's assessment area. The distribution of small business lending across all census tracts in the assessment area is fairly representative of the percentage of small businesses within each tract. CNB has 2.19% of the small business market within its assessment area, placing it in the top ten lenders.

Geographic Distribution of Small Business Loans Within Assessment Area					
Census Tracts	1996		1997		% of Businesses each Census Tract
	# Loans / %	\$ (000's) / %	# Loans / %	\$ (000's) / %	
Low	0 / 0%	0 / 0%	0 / 0%	0 / 0%	0%
Moderate	16 / 9%	716 / 6%	34 / 16%	2,884 / 21%	7%
Middle	95 / 56%	6,380 / 54%	107 / 52%	6,070 / 45%	40%
Upper	60 / 35%	4,746 / 40%	66 / 32%	4,650 / 34%	53%
No Income *	0 / 0%	0 / 0%	1 / <1%	11 / <1%	0%
Total	171 / 100%	11,842/100%	208 / 100%	13,615/100%	100%

* The No Income census tract is a Prison

HMDA Loans

The geographic distribution of HMDA loans is adequate. As the HMDA Loans table below indicates, the bank's record of lending in moderate-income census tracts improved for 1997. In 1997 6% of the number of loans were originated in moderate-income census tracts. These census tracts account for 8% of the assessment area. During the review period 2.4% of CNB's HMDA loans were originated in low- and moderate-income census tracts. Owner occupied low- and moderate-income households constitute 3% of the bank's assessment area.

Geographic Distribution of HMDA Loans					
Census Tracts	1996		1997		% Owner - Occupied Households in AA
	# Loans / %	\$ (000's) / %	# Loans / %	\$ (000's) / %	
Low	0 / 0%	0 / 0%	0 / 0%	0 / 0%	< 1%
Moderate	0 / 0%	0 / 0%	2 / 6%	14 / 1%	3%
Middle	36 / 69%	1,282 / 90%	20 / 63%	874 / 38%	41%
Upper	16 / 31%	145 / 10%	10 / 31%	1,388 / 61%	56%
Total	52 / 100%	1,427 / 100%	32 / 100%	2,276 / 100%	100%

Borrowers' Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes. The tables below show the distribution of small business, HMDA loans.

Small Business Lending

As the following table indicates, CNB's distribution of lending to small businesses by revenue size (gross annual sales) reflects adequate penetration of small businesses. The percentage of the number of loans to businesses with revenues less than \$1 million increased from 44% in 1996 to 53% in 1997 while the percentage of dollar volume increased from 29% to 55%. On a combined basis for the evaluation period, 49% of the number of originations and 43% of the dollar volume were to businesses with revenues less than \$1 million. Businesses with annual revenues less than \$1 million represent 87.1% of the total number of businesses within the assessment area reporting income.

Distribution of Small Business Loans by Revenue Size within Assessment Area				
Business Revenue Size	1996		1997	
	# Loans / %	\$ (000's) / %	# Loans / %	\$ (000's) / %
0 < \$1 Million	76 / 44%	3,479 / 29%	111 / 53%	7,439 / 55%
> \$1 Million	95 / 56%	8,363 / 71%	97 / 47%	6,176 / 45%
Totals	171 / 100%	11,842 / 100%	208 / 100%	13,615 / 100%

A large number of the bank's loans are less than \$100 thousand reflecting excellent penetration in the distribution of small-sized small business loans. The following table shows the distribution of small business loans by size.

Distribution of Small Business Loans by Loan Size within Assessment Area				
Loan Size (000s)	1996		1997	
	# Loans / %	\$ (000's) / %	# Loans / %	\$ (000's) / %
< \$100	149 / 87%	4,973 / 42%	183 / 88%	5,031 / 37%
\$100-\$250	11 / 6.5%	1,979 / 17%	15 / 7%	2,920 / 21%
\$250-\$1,000	11 / 6.5%	4,890 / 41%	10 / 5%	5,664 / 42%
Totals	171 / 100%	11,842 / 100%	208 / 100%	13,615 / 100%

SBA Lending

The bank participates in the Small Business Administration's (SBA) 7A and 504 loan programs on an on-going basis. During the evaluation period CNB originated seven (7) SBA 7A and 504 loans totaling \$5.9 million. These loans are included in the small business loan totals above.

HMDA Loans

This table shows good penetration of the number and dollar amount of HMDA loans to families with low- and moderate-incomes. Based on the income characteristics of families within the bank's assessment area, 10% have low-incomes while 15% have moderate-incomes. During the review period CNB originated 32% of the number of its HMDA loans to low-income families within the assessment area. CNB also originated 16% of the number of its HMDA loans to moderate-income families within the assessment area. During the review period 15% of the dollar amount of its HMDA loans were originated within the assessment area to families with low- and moderate-incomes.

Borrower Characteristics of HMDA Loans within Assessment Area					
Income Levels	1996		1997		% of Families within each Income Level
	# Loans / %	\$ (000's) / %	# Loans / %	\$ (000's) / %	
Low	19 / 37%	125 / 9%	8 / 25%	56 / 2%	10%
Moderate	9 / 17%	289 / 20%	5 / 16%	91 / 4%	15%
Middle	13 / 25%	187 / 13%	5 / 16%	185 / 8%	24%
Upper	8 / 15%	82 / 6%	11 / 34%	1,536 / 68%	51%
Income N/A (*)	3 / 6%	744 / 52%	3 / 9%	408 / 18%	N/A
Total	52 / 100%	1,427 / 100%	32 / 100%	2,276 / 100%	100%

(*) Loans to multifamily housing and churches not required to report income levels.

Affiliate HMDA Lending Activities

CNB's lending performance attributable to **Mercantile Mortgage Corporation (MMC)** is shown on the tables below.

As the following table indicates, the distribution of loans among borrowers of low- and moderate-incomes is good. The distribution of loans to families with low- and moderate-incomes is representative of the distribution of income levels within the assessment area.

Borrower Characteristics of MMC HMDA Loans within Assessment Area					
Income Levels	1996		1997		% of Families within each Income Level
	# Loans / %	\$ (000's) / %	# Loans / %	\$ (000's) / %	
Low	4 / 13%	275 / 7%	5 / 15%	367 / 8%	10%
Moderate	5 / 16%	367 / 9%	6 / 18%	611 / 14%	15%
Middle	10 / 32%	1,241 / 32%	7 / 21%	726 / 16%	24%
Upper	11 / 35%	1,936 / 50%	15 / 46%	2,826 / 62%	51%
Income N/A	1 / 4%	84 / 2%	0 / 0%	0 / 0%	N/A
Total	31 / 100%	3,903 / 100%	33 / 100%	4,530 / 100%	100%

The following table shows that 1997 lending performance to low- and moderate-income census tracts attributable to Mercantile Mortgage is improved over 1996 and representative of the composition of the assessment area. 1996 lending performance to low- and moderate-income census tracts falls short of meeting the amount expected since no loans were originated within the assessment area to these census tracts.

Distribution of HMDA Loans within Assessment Area					
Census Tracts	1996		1997		% Owner Occupied Households in Assessment Area
	# Loans / %	\$ (000's) / %	# Loans / %	\$ (000's) / %	
Low	0 / 0%	0 / 0%	0 / 0%	0 / 0%	< 1%
Moderate	0 / 0%	0 / 0%	1 / 3%	85 / 2%	3%
Middle	8 / 26%	684 / 18%	10 / 30%	1,056 / 23%	41%
Upper	23 / 74%	3,219 / 82%	22 / 67%	3,389 / 75%	56%
Total	31 / 100%	3,903 / 100%	33 / 100%	4,530 / 100%	100%

Community Development Lending Activities

The Bank made a relatively high level of community development loans during the review period and demonstrated very good responsiveness to the needs of multifamily affordable housing. Affordable housing is an identified need within the assessment area.

Community development loans are loans that (1) have a primary purpose of community development, as defined at 12 C.F.R. § 25.12(h); (2) have not been reported or collected by the bank or an affiliate for consideration as home mortgage, small business, small farm or consumer loans, unless they are multifamily dwelling loans; and (3) benefit the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

Based upon bank generated reports and a review of files, CNB originated 4 community development loans, totaling \$2.5 million. Of these, 3 loans totaling \$845,000 are for multifamily, affordable housing within the bank's assessment area. In addition, the bank created a special loan program to revitalize a moderate-income business district in its assessment area (refer to Innovative or Flexible Loan Products section below). Examples of the Bank's community development lending include:

- In 1996, CNB funded a \$514,250 construction and permanent mortgage loan to renovate a 66 unit, multifamily apartment complex in Laurel, Maryland. The rents in this complex are affordable for low- and moderate income individuals.
- In 1997, CNB funded a \$165,750 loan to purchase and upgrade a five unit apartment building located in the bank's assessment area. The rents in this building are affordable for low- and moderate-income individuals.
- In 1996, CNB funded a \$165,000 loan to an eleven unit housing complex that provides affordable housing for low- and moderate income individuals. The multifamily housing complex is located within the bank's assessment area.
- CNB funded a \$1.628 million loan for a 72 unit, multifamily apartment complex in a moderate income census tract immediately adjacent to its assessment area. The rents in this complex are affordable for low- and moderate-income families.

By providing funding to every small business economic development loan fund within its assessment area CNB demonstrates a strong commitment to funding start-up and emerging small businesses unable to find traditional financing. The following is a list of these funds. The loans have a community development purpose but are included in the small business loan totals.

- CNB provides a \$250,000 revolving line of credit to a non-profit loan fund that provides financing to start-up or emerging small businesses that evidence economic

impact to Howard County, Maryland. CNB has \$28,627 outstanding under its commitment.

- CNB funded \$45,660 under a \$50,000 line of credit commitment to a non-profit loan fund in Prince George's County. The fund makes loans to small businesses unable to find traditional financing.
- CNB participates in a non-profit loan fund in Montgomery County. This fund provides loans to small businesses that may not be able to obtain traditional financing. To date, CNB outstandings are \$1,134 under a \$55,000 commitment.
- CNB provides a \$100,000 line of credit to a non-profit loan fund in Anne Arundel County. The fund makes loans to small businesses unable to find traditional financing. CNB outstandings to date total \$45,000.

Innovative or Flexible Lending Practices

The loan program for the revitalization of commercial properties on Main Street in the City of Laurel represents a flexible lending practice. CNB pledged to make available up to \$3 million in loans at below market interest rates. The borrower may either be the building owner or tenant. Property purchases are also considered under this program. There are no loans currently outstanding under the program due to its relative newness. The use of innovative or flexible lending practices is limited to this example.

INVESTMENT TEST

The overall level of CNB's qualified investments is adequate and reflects adequate responsiveness to credit and community economic needs with respect to available opportunities. The investment philosophy of the holding company is conservative and limits investment securities to U. S. Treasury issues with maturities no greater than 5 years. As such, available qualified investments are limited to donations and grants. CNB's available opportunities are also generally limited to its assessment area because other holding company affiliates serve areas immediately outside the CNB assessment area. Lastly, only 9% of the census tracts within CNB's assessment area are low- and moderate-income further limiting available opportunities.

All of CNB's qualified investments are specifically geared to the identified needs of CNB's assessment area and were made during the review period. Qualified investments consist of numerous donations and grants to 14 different organizations that help provide affordable housing, small business loans for new businesses, economic development, and business district revitalization, as well as organizations providing community services supporting low- and moderate-income individuals. Prior to and during the review period CNB committed to contribute a total of \$72,500 to organizations providing affordable housing, small business

venture capital funds and educational grants for low- and moderate-income individuals. A total of \$48,500 has been funded of which \$29,000 was funded during the review period and the remainder funded prior to the review period. Another \$24,000 remains to be funded in future periods. In addition to funding under commitments, other grants and contributions totaling another \$24,893 were made during the review period.

Included in the other grants and contributions made during the review period is an innovative in-kind donation of obsolete computer equipment and peripherals totaling \$5,500. After reconditioning, this equipment was placed with organizations benefiting low- and moderate-income individuals within CNB's assessment area.

SERVICE TEST

Overall delivery systems improved during the review period with the addition of two ATM's in moderate-income census tracts. CNB delivery systems are accessible to essentially all portions of the institution's assessment area. No branches were opened or closed during the review period. However, two branches were moved to better facilities nearby, within the same census tract. These changes did not adversely affect accessibility to bank services by low- and moderate-income geographies or individuals. Also, services do not vary in a way that inconveniences low- and moderate-income geographies or individuals.

The table below reflects good overall branch distribution among census tracts and good accessibility to moderate-income census tracts. The sole low-income census tract is very small. A CNB branch is within 5 miles of this tract and can reasonably serve this area since both are located on the same transportation corridor.

Distribution of Delivery Systems (Branches and Remote ATM Facilities)			
<i>Census Tract</i>	<i>Branches</i>	<i>ATM Facilities</i>	<i>Census Tracts in the Assessment Area</i>
	<i># / %</i>	<i># / %</i>	<i># / %</i>
Low	0 / 0%	0 / 0%	1 / 1%
Moderate	3 / 18%	4 / 22%	8 / 8%
Middle	8 / 47%	8 / 45%	47 / 45%
Upper	6 / 35%	6 / 33%	47 / 45%
No Income	0 / 0%	0 / 0%	1 / 1%
Total	17 /100%	18 /100%	104 /100%

Each branch is full service with a drive-in, ATM, and a manager with lending authority. During the period of this review, ATM service was added to a branch in a moderate-income census tract. In addition, a stand alone ATM was placed in the Commissary at Fort Meade, another moderate-income census tract. Drive-in facilities were added to some of CNB’s branches located in other census tracts.

Branch hours are reasonable and convenient to all portions of CNB’s assessment area. CNB sets branch hours based on customer demand and competition. All CNB branches have extended Friday hours and are open on Saturdays. In addition, all CNB branches have extended weekday drive-in hours. The three branches serving moderate-income areas offer these extended lobby and drive-in hours. Bank customers also have 24 hour account access through a “Banking Twenty-Four Telephone Access” system that provides customers with a toll-free number which they can use to obtain account information, transfer funds, place stop payments, report lost/stolen Banking Twenty-Four cards and change telephone access PIN numbers. ATM’s also provide access to the HONOR, MAC, Plus and AFFN networks. Finally, CNB customers have access to their accounts through over 150 affiliate ATM’s without cost.

Services include regular and special checking accounts which provide service for a fee and require no minimum balances, free checking with Direct deposit, and free checking for senior citizens. CNB also offers a Community Organization account for charitable, non-profit and philanthropic organizations with fees based on the regular checking fee schedule rather than the higher cost business fee schedule.

Community Development Services

CNB provides a relatively high level of community development services. Primary services include providing technical financial assistance for small businesses and consumers. However, the bank has taken a leadership role in two community development initiatives. Services are targeted to low- and moderate-income individuals, and small businesses.

The following is a listing and description of the community development services provided in the CNB assessment area:

- Laurel Economic Advancement and Development Commission (LEAD) - The program seeks to encourage small business revitalization of the Main Street business district within the city of Laurel, a moderate-income geography. CNB has taken a leadership role by developing a specific loan product tailored to this initiative and pledged to lend up to \$3 million in aggregate, at below market rates. CNB will consider loans from both property owners and tenants. No loans have been considered to date. A bank officer serves on the financial committee that will review revitalization loan requests. The bank's President also serves on the board of directors.
- Maryland Housing Fund - Although in the formative stage, CNB has taken a leadership role in organizing this initiative to provide mortgage insurance for home purchases by low- and moderate-income individuals. A bank officer provides technical expertise on financial matters in the set up of this organization.
- Anne Arundel County Economic Development Corporation - The Arundel Business Loan Fund provides loans to small businesses. A bank officer chaired the loan review committee in 1996 and now serves on the investment committee.
- Small Business Seminars - The bank conducted three small business seminars during 1997 attracting a total of 240 participants.
- Prince George's County Economic Development Corporation - Through its Prince George's County Financial Services Corporation this organization provides funding and training for small businesses. A bank officer serves on the loan review committee.
- Baltimore/Washington Chamber of Commerce - A bank officer conducted a seminar on alternative financing sources for non-bankable small businesses.
- James Rouse Entrepreneurial Fund - This organization provides financing to startup and emerging small businesses, primarily in Howard County. A bank officer serves on the loan review committee.
- Woodland Job Corps - This organization provides troubled youths from low- and

moderate-income backgrounds with guidance and on-the-job training to develop a marketable job skill. A bank officer serves on the Citizens Advisory Committee and the bank provides on-site training for two students.

- First Generation College Bound - This program is designed to encourage at-risk low- and moderate-income children to stay in school. Assistance and counseling is provided for college entrance. A bank officer provides technical assistance on financial matters.
- Association of Community Services of Howard County, a United Way Agency - A bank officer presented a seminar on financial services to non-profit organizations serving low- and moderate-income individuals.

FAIR LENDING EXAMINATION

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations. We found no evidence of disparate treatment. CNB has an effective system in place to comply with fair lending regulations. A second review program is included as part of this system.