



**LARGE BANK**

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

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## **PUBLIC DISCLOSURE**

**November 15, 2004**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**The Merchants National Bank  
Charter Number 2449**

**100 North High Street  
Hillsboro, Ohio 45133**

**Office of the Comptroller of the Currency**

**Central Ohio Field Office  
325 Cramer Creek Court, Suite 101  
Dublin, Ohio 43017**

**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, 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.**

## Description of Institution

The Merchants National Bank (MNB) is an independent, intrastate community bank headquartered in the city of Hillsboro, Ohio, which is located in Highland County. MNB is a wholly-owned subsidiary of Merchants Bancorp, Inc, a one-bank holding company, also headquartered in Hillsboro, Ohio. The bank has seven offices and five automatic teller machines (ATMs) throughout its two designated assessment areas (AAs). Its non-metropolitan statistical area (non-MSA) AA consists of Highland and Fayette counties and one census tract in western Ross County. The bank's other AA is located in the Columbus, Ohio MSA and consists of all of Madison County with the exception of the northern most census tract. Both AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income (LMI) areas. For additional information on MNB's AAs, see Market Profile – Demographic Information Tables in Appendix A. Since the previous CRA examination, MNB has opened a full service branch in Highland County (non-MSA AA) and another full service branch in Madison County (Columbus, Ohio MSA).

At September 30, 2004, MNB had total assets of \$361.7 million and held \$28.6 million in Tier 1 capital. Tier 1 capital equals 7.91% of total assets. The bank's primary focus is on real estate and small business lending, and to a lesser extent small farm lending. MNB sells a majority of the fixed rate home loans it originates. For additional information on the products and services offered by MNB, please refer to the bank's CRA Public File. Competition for loans and deposits within the bank's AAs is strong and comes from several local community banks and branches of regional and national institutions. Currently no legal or economic impediments exist that could restrict MNB's ability to serve the community's credit needs.

MNB's performance was rated "Satisfactory" at the prior CRA examination in October 1998.

## Evaluation Period

We evaluated MNB's mortgage lending using data for the period beginning January 1, 2001 through December 31, 2003. We did not include 1999, or 2000 mortgage lending because the accuracy of this information could not be verified. We evaluated the bank's small business and small farm lending using data from January 1, 2002 through December 31, 2003. We did not review small business or small farm lending prior to January 1, 2002, because the bank was only required to begin collecting and reporting this data as of January 1, 2002. For community development (CD) loans, investments, and services, our evaluation period extends from the ending date of the last CRA examination dated October 30, 1998, through November 15, 2004, the start date of this evaluation. We conducted two separate lending test analyses. The demographic data from the 1990 census was used for comparison to loans originated in years 2001 and 2002, and demographic data from the 2000 census data was used to analyze loan data from 2003.

## **Scope of the Evaluation**

As part of the CRA evaluation, MNB's publicly filed information on home mortgage loans, small loans to businesses and small loans to farms was tested for accuracy. This testing found that MNB made significant errors in the information filed for all of these loan products. Data for the years 2001, 2002 and 2003 were corrected. Management did not correct the 1999 and 2000 home mortgage data; therefore, this data was not used in this analysis.

The bank has designated two AA, as detailed under the "Description of Institution." For analysis purposes, the non-MSA AA represents the bank's primary lending and deposit markets, containing the bank's headquarters office and the majority of its branches. We conducted a full scope review of the non-MSA AA and a limited scope review of the Columbus MSA AA (Madison County).

# Overall CRA Rating

**INSTITUTION'S CRA RATING:** This institution is rated “Satisfactory.”

The following table indicates the performance level of **The Merchants National Bank** with respect to the lending, investment, and service tests:

Performance Levels	The Merchants National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

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

Due to MNB’s business focus, we gave the greatest weight to home mortgage loans, followed by small business loans. Within home mortgage loans, refinance loans were weighted more heavily than home purchase loans. This weighting is reflective of MNB’s loan volume by product type over the evaluation period based on available loan origination data. Affordable housing, and specifically downpayment assistance for low-income borrowers, is a significant credit need as indicated by a community group we contacted. While the local economy is improving, it is still depressed. The majority of the new jobs created are low paying and close to minimum wage.

The major factors that support this overall rating and conclusion with respect to performance tests:

## Lending

Refer to both sets of Tables 1 through 11 in Appendix C for facts and data used to evaluate the bank’s lending.

Performance under the lending test is rated *high satisfactory*. Performance in the full scope non-MSA AA is good, and performance in the limited scope MSA AA is not inconsistent.

- MNB’s lending activity is good. The bank’s deposit market share was 23% and 19% for its two main counties (Highland and Fayette) in its non-MSA AA. The bank’s lending market share for both mortgage loans (3%) and small business loans (12%) is significantly below its deposit market share. This inconsistency is mitigated by the fact that that competition is strong with 256 mortgage lenders and 44 small business lenders in the bank’s non MSA AA. In addition, the bank is in the top five for market share for both lending products.

### **Lending analysis using demographic data from 1990 Census:**

- MNB's geographic distribution of home mortgage refinance loans in moderate-income areas is good. The non-MSA AA contains five moderate-income tracts and no low-income tracts. Twenty-four percent of home mortgage refinance loans were made in moderate-income tracts, which is consistent with the percentage of owner occupied units of 26% within moderate-income tracts. Home purchase lending was excellent as 31% of the loans were made in moderate-income tracts compared with 26% of owner occupied units within moderate-income tracts. Small business loan distribution was good. The bank made 29% of its small business loans in moderate-income tracts compared with the 26% of businesses within moderate-income tracts.
- MNB's home mortgage refinance lending to low-and moderate-income (LMI) borrowers is good; its home purchase lending to LMI borrowers is adequate. Home mortgage refinance loans and home purchase loans to low-income borrowers were 20% and 14%, respectively, compared to 25% of the families considered low-income. In addition, the bank's market share to low-income borrowers exceeds its overall market share for both of these products. Home mortgage refinance loans and home purchase loans to moderate-income borrowers were 21% and 15%, respectively, compared to 21% of the families in the non-MSA considered moderate-income.
- MNB's distribution of small loans to businesses was adequate. Loans to businesses with revenues of \$1 million or less represented 43% of the bank's reported small loans to businesses, which is significantly below the reported 81% of area businesses that reported revenue of less than \$1 million. This low penetration is mitigated by the facts that no revenue information was available for 45% of the bank's reported small loans to businesses, and that a substantial majority of the bank's business loans (95%) were originated for \$100,000 or less.

### **Lending analysis using demographic data from 2000 Census:**

- MNB's geographic distribution of home mortgage refinance loans in moderate-income areas is good. The non-MSA AA contains three moderate-income tracts and no low-income tracts. Fifteen percent of home mortgage refinance loans were made in moderate-income tracts, which is consistent with the percentage of owner occupied units of 15% within moderate-income tracts. Home purchase lending is excellent as 29% of the loans were made in moderate-income tracts. Small business lending was also excellent as 24% of its small business loans were made in moderate-income tracts compared with 19% of businesses within moderate-income tracts.
- MNB's home mortgage lending to LMI borrowers is excellent. Home mortgage refinance loans and home purchase loans to low-income borrowers were 9% and 12%, respectively, compared to 20% of the families considered low-income. Home mortgage refinance loans and home purchase loans to moderate-income borrowers were 25% and 27% respectively, compared to 21% of the families considered moderate-income.
- MNB's distribution of small loans to businesses was adequate. Loans to businesses with revenues of \$1 million or less represented 58% of the bank's reported loans, which is below the 63% of area businesses that reported revenue of less than \$1 million.

- For both evaluations periods, the bank made 60% of its reportable loans inside its AA, which is a majority.
- Community development lending had a positive impact on the Lending Test Conclusions. MNB made three community development loans within Highland County totaling \$1.1 million, or 4% of the bank's Tier one capital. These loans assisted an organization that provides numerous services to low-income individuals and families, provided operating funds to a homeless shelter, and supported an entity that offers prevention and treatment services for drug and alcohol addiction.
- We identified no conspicuous lending gaps. Maps and reports detailing MNB's lending activity over the evaluation period for home mortgage and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. The bank has good penetration in all the moderate-income tracts within its AAs.

## Investments

In evaluating the bank's volume of investments, we considered community development opportunities in the AAs, as well as the capacity for the local infrastructure to create qualified investments. Available investment opportunities within the bank's AAs were limited.

Refer to Table 12 in Appendix C for facts and data used to evaluate the bank's level of qualified investments.

Performance under the investment test is rated *low satisfactory*.

- The bank's performance in its non-MSA AA is adequate, and performance in the limited scope AA is not inconsistent. Community development needs are being addressed by groups and organizations that would benefit from financial contributions by the bank. MNB has made contributions to nine organizations that provide for these community development needs. Funds were used to assist organizations that provide funds to LMI individuals for medical expenses, assisting LMI individuals and families with home ownership, and encouraging small business and job development.

## Services

Refer to Table 13 in Appendix C for facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Performance under the service test is rated *high satisfactory*.

- Compared with the 1990 Census and 2000 Census Demographic data, performance in the full scope non-MSA AA was excellent and good, respectively, and performance in the limited scope AA is not inconsistent.

MNB's offices are readily accessible to geographies and individuals of different income levels throughout the non-MSA AA. Financial services are reasonably offered at each

branch and business hours do not vary in a way that inconveniences any portion of the non-MSA AA, particularly moderate-income geographies or LMI individuals. The bank's distribution of branches in the moderate-income geographies significantly exceeds the distribution of the population living in those geographies based on the demographic data from the 1990 Census, and the distribution of branches approximates the distribution of the population based on the demographic data from the 2000 Census. One new branch was opened in the non-MSA AA and none were closed during the evaluation period.

- MNB's community development services are considered good. The bank is involved with the Federal Home Loan Bank's (FHLB) Welcome Program. This program provides grant money to LMI households to be used for downpayment and closing costs associated with the financing of a home purchase. During the review period, the bank assisted seven households in obtaining a total of \$37,500 in grants from this program. In addition, four bank officers provide technical assistance and expertise to six community development organizations. These organizations provide assistance for affordable housing, small business and job development, and services and support to low-income individuals and families.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## Appendix A: Market Profile-Demographic Information Tables

### Non MSA AA – 1990 Census Data

Demographic Information for Full Scope Area: Merchants Non MSA 1990						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	17	0.00	29.41	70.59	0.00	0.00
Population by Geography	67,401	0.00	27.50	72.50	0.00	0.00
Owner-Occupied Housing by Geography	17,454	0.00	26.19	73.81	0.00	0.00
Business by Geography	3,288	0.00	25.58	74.42	0.00	0.00
Farms by Geography	666	0.00	9.91	90.09	0.00	0.00
Family Distribution by Income Level	19,033	25.38	20.50	24.50	29.62	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,731	0.00	31.65	68.35	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		30,562 48,700 13.59%	Median Housing Value Sept 2004 Unemployment Rate Highland County September 2004 Unemployment Rate Fayette County September 2004		50,708 5.0% 4.6%	

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

### MSA AA - 1990 Census Data

Demographic Information for Limited Scope Area: Merchants MSA 1990						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	0.00	20.00	70.00	10.00	0.00
Population by Geography	32,028	0.00	8.38	84.89	6.73	0.00
Owner-Occupied Housing by Geography	7,210	0.00	6.56	93.37	0.07	0.00
Business by Geography	1,303	0.00	14.43	85.57	0.00	0.00
Farms by Geography	186	0.00	3.76	95.70	0.54	0.00
Family Distribution by Income Level	8,014	17.07	22.84	26.89	33.20	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,198	0.00	12.54	87.46	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		36,792 63,400 11.52%	Median Housing Value Unemployment Rate for Madison County September 2004		71,752 4.6%	

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

**Non MSA AA 2000 Census Data**

Demographic Information for Full Scope Area: Merchants Non MSA 2000 census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	17	0.00	17.65	82.35	0.00	0.00
Population by Geography	73,575	0.00	16.54	83.46	0.00	0.00
Owner-Occupied Housing by Geography	20,367	0.00	15.18	84.82	0.00	0.00
Business by Geography	3,343	0.00	18.85	81.15	0.00	0.00
Farms by Geography	668	0.00	5.09	94.91	0.00	0.00
Family Distribution by Income Level	20,517	19.92	20.76	24.82	34.50	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	8,346	0.00	20.66	79.34	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		43,801 48,700 11.21%	Median Housing Value		85,672	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2004 HUD updated MFI

**MSA AA 2000 Census Data**

Demographic Information for Limited Scope Area: Merchants MSA 2000 census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	11.11	77.78	11.11	0.00
Population by Geography	34,314	0.00	7.75	92.13	0.12	0.00
Owner-Occupied Housing by Geography	8,351	0.00	6.00	93.94	0.06	0.00
Business by Geography	1,324	0.00	15.11	84.89	0.00	0.00
Farms by Geography	191	0.00	3.14	96.34	0.52	0.00
Family Distribution by Income Level	8,495	17.70	22.91	26.52	32.87	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,450	0.00	12.72	87.28	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		55,039 63,400 10.05%	Median Housing Value		118,700	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2004 HUD updated MFI

## Appendix B: Tables of Performance Data

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### Content of Standardized Tables

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 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** – See Table 2
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. 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 8. Borrower Distribution of Home Improvement Loans** – See Table 7
- Table 9. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 7.
- Table 10. 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 11. 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 12. 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 13. 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.

## Appendix C: Tables of Performance Data

Institution ID: MERCHANTS NATIONAL BANK - #2449

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: MERCHANTS NATIONAL												
Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002												
Assessment Area:	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>**</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Non MSA AA – 1990 Census Data	75.38	257	17,538	195	11,586	151	7,677	0	0	603	36,801	Refer to 2003 Market Share Data
<b>Limited Review:</b>												
MSA AA – 1990 Census Data	24.63	115	9,169	38	1,754	44	7,677	0	0	197	13,113	Refer to 2003 Market Share Data

**Table 1-A. Lending Volume**

LENDING VOLUME												
Geography: MERCHANTS NATIONAL												
Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA <sup>***</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>****</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>**</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Non MSA AA – 2000 Census Data	86.58	435	33,510	254	15,874	130	6,632	3	1,100	822	57,116	90.00
<b>Limited Review:</b>												
MSA AA – 2000 Census Data	13.42	74	6,447	25	1,719	28	2,094	0	0	127	10,260	10.00

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

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

<sup>\*\*\*</sup> Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

<sup>\*\*\*\*</sup> The evaluation period for Community Development Loans is from October 31, 1998 to November 15, 2004.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA -1990 Census Data	99	54.40	0.00	0.00	26.19	31.31	73.81	68.69	0.00	0.00	7.18	0.00	9.49	6.38	0.00
<b>Limited Review:</b>															
MSA AA -1990 Census Data	83	45.60	0.00	0.00	6.56	14.46	93.37	85.54	0.07	0.00	5.98	0.00	24.14	4.12	0.00

**Table 2-A. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA - 2000 Census Data	119	75.80	0.00	0.00	15.18	28.57	84.82	71.43	0.00	0.00	Data for 2003 not yet available.				
<b>Limited Review:</b>															
MSA AA - 2000 Census Data	38	24.20	0.00	0.00	5.00	18.42	93.94	81.58	0.06	0.00	Data for 2003 not yet available.				

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

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

<sup>\*\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ**** Units	% BANK Loans	% Owner Occ**** Units	% BANK Loans	% Owner Occ**** Units	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA -1990 Census Data	22	70.97	0.00	0.00	26.19	36.36	73.81	63.64	0.00	0.00	7.85	0.00	6.12	8.45	0.00
<b>Limited Review:</b>															
MSA AA -1990 Census Data	9	29.03	0.00	0.00	6.56	11.11	93.37	88.89	0.07	0.00	7.61	0.00	14.29	7.06	0.00

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

Geographic Distribution: HOME IMPROVEMENT		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003								
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ**** Units	% BANK Loans	% Owner Occ**** Units	% BANK Loans	% Owner Occ**** Units	% BANK Loans	% Owner Occ**** Units	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA – 2000 Census Data	12	92.31	0.00	0.00	15.18	33.33	84.82	66.67	0.00	0.00	Data for 2003 not yet available.				
<b>Limited Review:</b>															
MSA AA – 2000 Census Data	1	7.69	0.00	0.00	6.00	0.00	93.94	100.00	0.06	0.00	Data for 2003 not yet available.				

\* Based on 2002 Peer Mortgage Data (CE)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

\*\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: MERCHANTS NATIONAL		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>							
	#	% of Total <sup>**</sup>	% Owner Occ <sup>***</sup> Units	% BANK Loans	% Owner Occ <sup>***</sup> Units	% BANK Loans	% Owner Occ <sup>***</sup> Units	% BANK Loans	% Owner Occ <sup>***</sup> Units	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Non MSA AA – 1990 Census Data	136	85.53	0.00	0.00	26.19	24.26	73.81	75.74	0.00	0.00	5.45	0.00	5.87	5.33	0.00			
<b>Limited Review:</b>																		
MSA AA - 1990 Census Data	23	14.47	0.00	0.00	6.56	8.70	93.37	91.30	0.07	0.00	0.30	0.00	1.82	0.23	0.00			

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

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: MERCHANTS NATIONAL		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total <sup>**</sup>	% Owner Occ <sup>****</sup> Units	% BANK Loans	% Owner Occ <sup>***</sup> Units	% BANK Loans	% Owner Occ <sup>***</sup> Units	% BANK Loans	% Owner Occ <sup>***</sup> Units	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Non MSA AA – 2000 Census Data	304	89.68	0.00	0.00	15.18	14.80	84.82	85.20	0.00	0.00	Data for 2003 not yet available.							
<b>Limited Review:</b>																		
MSA AA – 2000 Census Data	35	10.32	0.00	0.00	6.00	2.86	93.94	97.14	0.06	0.00	Data for 2003 not yet available.							

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

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

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

<sup>\*\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA – 1990 Census Data	195	83.69	0.00	0.00	25.58	28.72	74.42	71.28	0.00	0.00	8.24	0.00	9.35	6.37	0.00
<b>Limited Review:</b>															
MSA AA – 1990 Census Data	38	16.31	0.00	0.00	14.43	36.84	85.57	63.16	0.00	0.00	5.20	0.00	12.90	4.20	0.00

**Table 5-A. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003								
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses****	% BANK Loans	% of Businesses****	% BANK Loans	% of Businesses****	% BANK Loans	% of Businesses****	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA – 2000 Census Data	254	91.04	0.00	0.00	18.85	23.62	81.15	76.38	0.00	0.00	Data for 2003 not yet available.				
<b>Limited Review:</b>															
MSA AA – 2000 Census Data	25	8.96	0.00	0.00	15.11	24.00	84.89	76.00	0.00	0.00	Data for 2003 not yet available.				

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

\*\* 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 (2002).

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

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>†</sup>				
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA – 1990 Census Data	151	77.44	0.00	0.00	9.91	20.53	90.09	79.47	0.00	0.00	44.80	0.00	59.18	37.71	0.00
<b>Limited Review:</b>															
MSA AA - 1990 Census Data	44	22.56	0.00	0.00	3.76	2.27	95.70	97.73	0.54	0.00	51.09	0.00	59.18	37.71	0.00

**Table 6-A. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003								
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total <sup>**</sup>	% of Farms <sup>****</sup>	% BANK Loans	% of Farms <sup>****</sup>	% BANK Loans	% of Farms <sup>****</sup>	% BANK Loans	% of Farms <sup>****</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA – 2000 Census Data	130	82.28	0.00	0.00	5.09	6.92	94.91	93.08	0.00	0.00	Data for 2003 not yet available.				
<b>Limited Review:</b>															
MSA AA – 2000 Census Data	26	16.67	0.00	0.00	3.14	3.85	96.34	96.15	0.52	0.00	Data for 2003 not yet available.				

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

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

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

<sup>\*\*\*\*</sup> Source Data - Dun and Bradstreet (2003).

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002								
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****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA -1990 Census Data	99	54.40	25.38	13.54	20.50	14.58	24.50	35.42	29.62	36.46	8.06	10.20	4.47	10.03	8.42
<b>Limited Review:</b>															
Merchants MSA 2004 1990	83	45.60	17.07	12.05	22.84	18.07	26.89	34.94	33.20	34.94	6.92	10.00	4.71	5.79	10.26

**Table 7-A. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003								
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*****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non MSA AA – 2000 Census Data	119	75.80	19.92	11.97	20.76	27.35	24.82	31.62	34.50	29.06	Data for 2003 not yet available.				
<b>Limited Review:</b>															
MSA AA – 2000 Census Data	38	24.20	17.70	10.53	22.91	42.11	26.52	23.68	32.87	23.68	Data for 2003 not yet available.				

\* Based on 2002 Peer Mortgage Data (CE)

\*\* As a percentage of loans with borrower income information available. No information was available for 1.6% 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.

\*\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.3% of loans originated and purchased by BANK.

\*\*\*\*\* Percentage of Families is based on the 2000 Census information.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT													Geography: MERCHANTS NATIONAL		Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Improvement 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****	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																			
Non MSA AA 1990 Census Data	22	70.97	25.38	18.18	20.50	31.82	24.50	4.55	29.62	45.45	8.33	12.50	8.57	6.94	8.77				
<b>Limited Review:</b>																			
MSA AA 1990 Census Data	9	29.03	17.07	22.22	22.84	22.22	26.89	55.56	33.20	0.00	8.24	7.14	7.69	11.54	0.00				

**Table 8-A. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT													Geography: MERCHANTS NATIONAL		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share								
	#	% of Total*****	% Families*****	% BANK Loans*****	% Families*****	% BANK Loans*****	% Families*****	% BANK Loans*****	% Families*****	% BANK Loans*****	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																			
Non MSA AA – 2000 Census Data	12	92.31	19.92	18.18	20.76	27.27	24.82	36.36	34.50	18.18	Data for 2003 not yet available.								
<b>Limited Review:</b>																			
MSA AA – 2000 Census Data	1	7.69	17.70	0.00	22.91	0.00	26.52	100.00	32.87	0.00	Data for 2003 not yet available.								

\* Based on 2002 Peer Mortgage Data (CE)

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

\*\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 7.7% of loans originated and purchased by BANK.

\*\*\*\*\* Percentage of Families is based on the 2000 Census information.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2001 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance 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****	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Non MSA AA – 1990 Census Data	136	85.53	25.38	20.15	20.50	20.90	24.50	26.87	29.62	32.08	6.42	15.43	6.24	5.30	5.45									
<b>Limited Review:</b>																								
MSA AA – 1990 Census Data	23	14.47	17.07	9.09	22.84	22.73	26.89	40.91	33.20	27.27	0.35	0.79	0.67	0.26	0.00									

**Table 9-A. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: MERCHANTS NATIONAL					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share													
	#	% of Total****	% Families*****	% BANK Loans*****	% Families*****	% BANK Loans*****	% Families*****	% BANK Loans*****	% Families*****	% BANK Loans*****	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Non MSA AA – 2000 Census Data	304	89.68	19.92	9.36	20.76	24.75	24.82	29.77	34.50	36.12	Data for 2003 not yet available.													
<b>Limited Review:</b>																								
MSA AA – 2000 Census	35	10.32	17.70	17.14	22.91	25.72	26.52	8.57	32.87	48.57	Data for 2003 not yet available.													

\* Based on 2002 Peer Mortgage Data (CE)

\*\* As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by BANK.

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

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

\*\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.5% of loans originated and purchased by BANK.

\*\*\*\*\* Percentage of Families is based on the 2000 Census information.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MERCHANTS NATIONAL			Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Non MSA AA – 1990 Census Data	195	83.69	80.99	43.08	94.74	5.26	0.00	8.24	16.17
<b>Limited Review:</b>									
MSA AA – 1990 Census Data	38	16.31	75.83	78.95	82.56	10.77	6.67	5.20	12.98

**Table10-A. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MERCHANTS NATIONAL			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses ****	% BANK Loans *****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Non MSA AA – 2000 Census Data	254	91.04	62.76	57.87	88.19	5.51	6.30	Data for 2003 not yet available.	
<b>Limited Review:</b>									
MSA AA – 2000 Census Data	25	8.96	64.12	80.00	84.00	8.00	8.00	Data for 2003 not yet available.	

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

\*\* 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 - 2002).

\*\*\*\* 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 45.06% of small loans to businesses originated and purchased by the bank.

\*\*\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2004).

\*\*\*\*\* 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 29.03% of small loans to businesses originated and purchased by the bank.

**Institution ID: MERCHANTS NATIONAL BANK - #2449**  
**Table11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MERCHANTS NATIONAL			Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Non MSA AA	151	77.44	94.74	65.56	85.43	11.92	2.65	44.80	36.08
<b>Limited Review:</b>									
MSA AA	44	22.56	95.16	95.45	88.64	9.09	2.27	51.09	54.65

**Table11-A. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MERCHANTS NATIONAL			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms****	% BANK Loans*****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Non MSA AA	130	82.28	94.46	70.00	88.46	10.00	1.54	Data for 2003 not yet available.	
<b>Limited Review:</b>									
MSA AA	26	16.67	94.76	89.49	82.14	7.14	10.72	Data for 2003 not yet available.	

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

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

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

\*\*\*\* 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 27.18% of small loans to farms originated and purchased by the bank.

\*\*\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2004).

\*\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 25.95% of small loans to farms originated and purchased by the bank.

Institution ID: MERCHANTS NATIONAL BANK - #2449

Table 12. Qualified Investments

QUALIFIED INVESTMENTS		Geography: MERCHANTS NATIONAL				Evaluation Period: NOVEMBER 1, 1998 TO NOVEMBER 15, 2004			
MA/Assessment Area:	Prior Period Investments <sup>*</sup>		Current Period Investments		Total Investments			Unfunded Commitments <sup>**</sup>	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Non MSA AA	0	0	8	23	8	23	95.83	0	0
<b>Limited Review:</b>									
MSA AA	0	0	1	1	1	1	4.17	0	0

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

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

Institution ID: MERCHANTS NATIONAL BANK - #2449

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: MERCHANTS NATIONAL Evaluation Period: OCTOBER 30, 1998 TO DECEMBER 31, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Non MSA AA – 1990 Census Data	90	6	85.71	0	50	50	0	1	0	0	0	+1	0	0.00	27.50	72.50	0.00
<b>Limited Review:</b>																	
MSA AA – 1990 Census Data	10	1	14.29	0	0	100	0	1	0	0	0	+1	0	0.00	8.38	84.89	6.73

**Table 13-A. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: MERCHANTS NATIONAL Evaluation Period: JANUARY 1, 2003 TO NOVEMBER 15, 2004																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Non MSA AA – 2000 Census Data	90	6	85.71	0	16.67	83.33	0	0	0	0	0	0	0	0.00	16.54	83.46	0.00
<b>Limited Review:</b>																	
MSA AA – 2000 Census Data	10	1	14.29	0	0	100	0	0	0	0	0	0	0	0.00	6.61	93.29	0.10