

PUBLIC DISCLOSURE

September 10, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Clear Mountain Bank

886624

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Federal Reserve Bank of Richmond

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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.

TABLE OF CONTENTS

Institution Rating

Institution's CRA Rating.....	1
Summary of Major Factors Supporting the Rating.....	1
Scope of Examination.....	1

Institution

Description of Institution.....	1
Conclusions with Respect to Performance Tests.....	2

State of West Virginia

State Rating.....	5
Scope of Examination.....	5
Description of Operations in the Morgantown, WV MSA Assessment Area..	5
Conclusions with Respect to Performance Criteria.....	7

State of Maryland

State Rating.....	9
Scope of Examination.....	9
Description of Operations in the Garrett County Assessment Area.....	9
Conclusions with Respect to Performance Criteria.....	11

Appendices

CRA Appendix A: Scope of Examination.....	13
CRA Appendix B: Summary of State Ratings.....	14
CRA Appendix C: Glossary.....	15

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated: Outstanding

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Satisfactory

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable in relation to demand for credit in the combined assessment areas.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and sampled consumer unsecured loans were originated within the bank's assessment areas.
- Lending to borrowers of different income levels is excellent when considering applicable demographic and aggregate lending data.
- The bank's geographic distribution performance varies between excellent and reasonable by product and assessment area but is considered excellent overall.
- The bank has provided an adequate level of community development loans and services within the bank's market areas.
- The bank has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council. Clear Mountain Bank (CMB) is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, CMB's 2006 HMDA loan originations were considered in the evaluation. Additionally, based on the institution's recent historical loan volume, consumer unsecured loans were identified as a primary credit product and were also considered in the evaluation. The analysis includes a sample of 247 unsecured consumer loans selected from a universe of 604 such loans extended during the first and second quarters of 2007. Qualified community development loans and services were also considered for activities from September 29, 2003, through September 10, 2007. All qualified investments outstanding as of the examination date were also considered regardless of when made.

DESCRIPTION OF INSTITUTION

CMB is headquartered in Bruceton Mills, West Virginia, and operates nine other full-service branch offices in Monongalia and Preston Counties, West Virginia, and Garrett County, Maryland. The bank is a wholly owned subsidiary of State Bancorp, Inc., a single-bank holding company, also headquartered in Bruceton Mills, West Virginia. On October 11, 2005, CMB was formed when Bruceton Bank acquired its affiliate, The Terra Alta Bank, which was headquartered in Terra Alta, West Virginia.

As of June 30, 2007, CMB had \$294.3 million in assets, of which 77% were loans and 15% were securities. Various deposit and loan products are available through the institution, including loans for residential mortgage, consumer, and business purposes. To further meet community credit needs, the bank also participates in first time homebuyer programs sponsored by the West Virginia Housing Development Fund and the Maryland Department of Housing and Community Development. The loan portfolio, as of June 30, 2007, was comprised of 51.6% one- to four-family residential real estate secured, 28.3% commercial real estate and farm secured, 11.2% consumer, 8.5% commercial and agriculture, and .4% other loans. The institution's previous CRA rating, dated September 29, 2003, was Satisfactory.

CMB serves two contiguous assessment areas, which are detailed in the following table. The bank's primary market is located in the Morgantown, WV Metropolitan Statistical Area (MSA). The bank also has a market presence in Garret County, Maryland. Included in the table is the distribution of branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2007, while the loan volume includes all the HMDA and sampled consumer unsecured loans considered in the evaluation.

Assessment Area	County	State	Census Tracts	Offices	Deposit Volume		Loan Volume	
Morgantown, WV MSA	Preston	WV	All	9	\$235,191	91.3%	\$40,166	86.5%
	Monongalia	WV	All					
Garrett County *	Garrett	MD	1.00, 4.00 - 7.00	1	\$22,396	8.7%	\$6,256	13.5%
Totals				10	\$257,587	100%	\$46,422	100%

* New assessment area since the previous evaluation

Since the previous evaluation, the bank acquired two offices through the merger with The Terra Alta Bank. One branch was located in Garrett County, Maryland, and the other branch was located in Preston County, West Virginia. Additionally, CMB acquired a single branch office from another financial institution in Preston County, West Virginia, and opened a new office in Monongalia County, West Virginia.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating lending performance for specific loan types, primary consideration is given to the number (and corresponding percentage) of transactions. The institution's overall rating is based on the performance of each loan category and primary consideration is given to the dollar volume each category contributes to the overall activity considered in the evaluation. The review of the bank's community development activities is based on the number and amount of community development loans, the extent to which the bank provides community development services, and its responsiveness to identified community development lending, investment, and service needs.

Loan-To-Deposit Ratio

As of June 30, 2007, the bank's loan-to-deposit ratio equaled 88% and averaged 94.6% for the 16-quarter period ending June 30, 2007. During the same time period, the average quarterly loan-to-deposit ratios for all bank's headquartered in metropolitan areas of West Virginia and of similar asset size to CMB ranged from 50% to 87.8%. From June 30, 2003, through June 30, 2007, bank assets, loans, and deposits have increased by 79.3%, 76.7%, and 76.7%, respectively. Based on its

financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves. Strictly within the context of the CRA, the bank's loan-to-deposit ratio is more than reasonable when considering the bank's size, financial condition, and local credit needs.

Lending In Assessment Areas

To evaluate the institution's lending performance within its assessment areas, all 480 HMDA loans that were originated during 2006 and a sample of 247 consumer unsecured loans were reviewed. The lending distribution is represented in the following table for the assessment areas.

Comparison of Credit Extended Inside and Outside of Assessment Areas

	Inside Assessment Areas	Outside Assessment Areas	Total
Total Number of Loans	675	52	727
Percentage of Total Loans	92.8%	7.2%	100%
Total Amount of Loans (000's)	\$46,421	\$4,477	\$50,898
Percentage of Total Amount	91.2%	8.8%	100%

As illustrated in the preceding chart, a substantial majority of the number (92.8%) and dollar amount (91.2%) of loans were provided to borrowers located in the bank's assessment areas. Overall, the institution's level of lending within its assessment areas is considered highly responsive to community credit needs.

Lending To Borrowers of Different Incomes

Overall, the bank's level of lending to low- and moderate-income borrowers within the bank's assessment areas is considered excellent. Specifically, the performance for each product considered (residential mortgage and consumer unsecured loans) within each market area is excellent.

Geographic Distribution of Loans

The Morgantown, WV MSA assessment area contains a mixture of moderate-, middle-, and upper-income tracts, while the Garrett County assessment area has only moderate- and middle-income tracts. While the lending performance varies somewhat by product and market area, the bank's overall performance is considered excellent in each assessment area.

Community Development Loans, Investments, and Services

Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment areas. The branch network includes ten offices, of which three (30%) are located in moderate-income census tracts. Branch locations and business hours are considered convenient and meet the needs of the bank's assessment areas.

Since the previous evaluation, CMB extended one community development loan totaling \$20,000 within the Morgantown, WV MSA assessment area. Bank employees also provide technical assistance to organizations that facilitate community development services within both of the bank's assessment areas. The bank's qualified community

development investments consist of donations totaling \$1,670 and benefited the Morgantown, WV MSA assessment area. Additional discussions of the institution's community development lending activities and services are included within each applicable assessment area.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

CRA RATING FOR THE STATE OF WEST VIRGINIA: Outstanding.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The bank's borrower distribution performance for residential mortgage and consumer unsecured lending is excellent.
- This assessment area does not contain low-income tracts. The geographic distribution is excellent for residential mortgage lending and reasonable for consumer unsecured lending. Overall, the bank's geographic distribution performance is excellent.
- The bank extended a \$20,000 loan to an organization that provides community development services that are targeted to area low- and moderate-income residents.
- Bank employees actively support several organizations and programs that facilitate community development within the market area.

SCOPE OF EXAMINATION

The bank's operations within West Virginia are entirely contained within Monongalia and Preston Counties; therefore, the state's evaluation is wholly predicated on the evaluation of the Morgantown, WV MSA assessment area. The evaluation considers the distribution of the 2006 HMDA and sampled consumer unsecured lending for the first half of 2007. Qualified community development activities have also been considered.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MORGANTOWN, WV MSA ASSESSMENT AREA

This community is located in the northeastern portion of the state. The assessment area is primarily rural, but has a growing population centered, in part, around a major university located within Monongalia County. Employment opportunities include coal mining, agriculture, and forestry. Major employers include local and Federal Government, West Virginia University, Mylan Pharmaceuticals, and area hospitals. The Morgantown, WV MSA has an unemployment rate of 3.7% for the month of August 2007, while the State of West Virginia's rate equals 4.7%.

The market area has a population of 111,200 and a median housing value of \$72,978. The owner-occupancy rate for the market equals 59.8%, which is less than the statewide level (65.6%). The percentage of families living below the poverty level in the assessment area (12.4%) is lower than the state (13.9%). The 2007 median family income for the Morgantown, WV MSA equals \$48,400.

The following table provides demographic data for the assessment area by the income level of families and the percentage of the population living in census tracts of varying income levels. The table also displays the distribution of owner-occupied housing units by income level of census tract, as well as business demographic information from Dun & Bradstreet.

Morgantown, WV MSA ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,689	21.0
Moderate	6	20.7	5,298	19.6	899	17.0	5,001	18.5
Middle	14	48.3	13,165	48.6	1,735	13.2	5,682	21.0
Upper	9	31.0	8,603	31.8	714	8.3	10,694	39.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	29	100.0	27,066	100.0	3,348	12.4	27,066	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	10,486	5,700	19.0	54.4	3,622	34.5	1,164	11.1
Middle	23,462	14,577	48.6	62.1	6,131	26.1	2,754	11.7
Upper	16,191	9,721	32.4	60.0	5,239	32.4	1,231	7.6
NA	0	0	0.0	0.0	0	0.0	0	0.0
Total	50,139	29,998	100.0	59.8	14,992	29.9	5,149	10.3
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	799	24.4	708	25.0	63	18.2	28	29.2
Middle	1,314	40.1	1,135	40.0	138	39.9	41	42.7
Upper	1,163	35.5	991	35.0	145	41.9	27	28.1
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	3,276	100.0	2,834	100.0	346	100.0	96	100.0
Percentage of Total Businesses:				86.5		10.6		2.9
	Total Farms by Tract		Farms by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	45	47.9	44	47.8	1	100.0	0	0.0
Middle	40	42.6	39	42.4	0	0.0	1	100.0
Upper	9	9.6	9	9.8	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	94	100.0	92	100.0	1	100.0	1	100.0
Percentage of Total Farms:				97.9		1.1		1.1

NA Tracts are tracts without household or family income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Area demographic data and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregate data used in this evaluation included all HMDA loans reported within the bank's assessment area. Demographic data are from the 2000 census and HMDA aggregate data are from calendar year 2006.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

Overall, the bank's lending distribution to borrowers of different incomes is considered excellent when using area demographic and aggregate data as proxies for demand.

Distribution of 2006 HMDA Loans by Income Level of Borrower

Although the bank reported a total of 386 HMDA loans for this assessment area during 2006, income data was not reported for 24 of these transactions, and they are excluded from the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	39	73	95	155	362
Percentage of Total Loans	10.8%	20.2%	26.2%	42.8%	100%
Total Amount of Loans (000's)	\$1,245	\$4,665	\$7,653	\$22,126	\$35,689
Percentage of Total Amount	3.5%	13.1%	21.4%	62%	100%

Although the percentage of the bank's HMDA loans extended to low-income borrowers (10.8%) is less than the percentage of area low-income families (21%), it exceeds the percentage of aggregate lending (6%). The bank's level of lending to moderate-income borrowers (20.2%) exceeds both the percentage of moderate-income families and the aggregate percentage of 18.5% and 16.6%, respectively. Overall, the level of lending to low- and moderate-income borrowers within the market is considered excellent.

Distribution of Consumer Unsecured Loans by Income Level of Borrower

Of the 213 consumer unsecured loans included in the analysis, five files did not contain income information and are not included in the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	80	53	40	35	208
Percentage of Total Loans	38.5%	25.5%	19.2%	16.8%	100%
Total Amount of Loans (000's)	\$254	\$207	\$185	\$446	\$1,092
Percentage of Total Amount	23.3%	19%	16.9%	40.8%	100%

Based on the sample, the bank's level of consumer unsecured lending to low-income borrowers (38.5%) substantially exceeds the percentage of area low-income families (21%). Bank lending to moderate-income borrowers (25.5%) also exceeds the proportion of moderate-income families in the area (18.5%). The bank's performance is considered excellent.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution of lending in the assessment area is considered excellent when using area demographic and HMDA aggregate data as proxies for demand. In reaching this conclusion more weight was placed on the bank's overall HMDA performance because of the larger volume of such lending by the bank within its assessment areas. During 2006, the bank originated \$49.7 million of HMDA loans within the bank's combined assessment areas. During this same time period, it is estimated that the bank originated \$8.3 million in consumer unsecured loans within the bank's combined assessment areas. As previously indicated, the assessment area does not contain any low-income census tracts.

Distribution of HMDA Loans by Income Level of Geography

	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	82	210	94	386
Percentage of Total Loans	21.2%	54.4%	24.4%	100%
Total Amount of Loans (000's)	\$6,032	\$19,578	\$13,446	\$39,056
Percentage of Total Amount	15.5%	50.1%	34.4%	100%

CMB's level of mortgage lending to residents of moderate-income tracts (21.2%) exceeds both the proportion of owner-occupied housing units in such tracts (19%) as well as the aggregate reporter level of lending (14.3%). This level of performance is considered excellent.

Distribution of Consumer Unsecured Loans by Income Level of Geography

	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	41	143	29	213
Percentage of Total Loans	19.3%	67.1%	13.6%	100%
Total Amount of Loans (000's)	\$135	\$765	\$210	\$1,110
Percentage of Total Amount	12.2%	68.9%	18.9%	100%

The bank's level of consumer unsecured lending to borrowers residing in moderate-income tracts (19.3%) is comparable to the proportion of families living in such areas (19.6%) and is considered reasonable.

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

Since the previous evaluation within this assessment area, the bank originated a \$20,000 loan to a nonprofit organization that provides services targeted to low- and moderate-income residents. Additionally, four different bank employees have provided technical financial assistance to a local Habitat for Humanity chapter and the Monongalia County Technical Center. As an organization, the Habitat for Humanity focuses on providing affordable housing to low- and/or moderate-income people, while the technical center provides classes on small business financing strategies. CMB continues to partner with the local elementary school systems to provide a school savings program. Donations totaling \$1,670 were made to charitable organizations that provide community development services within the assessment area. The bank demonstrates an adequate level of responsiveness to local community development needs through its lending and support of area organizations that facilitate community development.

Delivery systems are accessible to all portions of the assessment area and branch hours are considered convenient. Two of the assessment area's nine branch offices are located in moderate-income census tracts.

CRA RATING FOR THE STATE OF MARYLAND: Outstanding.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The level of lending to borrowers of different income levels is excellent when considering demographic and aggregate lending data.
- The bank's geographic distribution performance is excellent for each product evaluated when considering demographic and aggregate lending data.
- The bank provided a community development service within the assessment area. When considering the bank's limited market presence within the assessment area and limited opportunities, the bank's performance is considered adequate.

SCOPE OF EXAMINATION

The bank's operations within Maryland are focused in one assessment area within Garrett County, Maryland; therefore, the state's evaluation is based entirely on the evaluation of the Garrett County assessment area. The evaluation considers the distribution of 2006 HMDA and sampled consumer unsecured lending during the first half of 2007. Additionally, community development activities have also been considered.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE GARRETT COUNTY ASSESSMENT AREA

The Garrett County assessment area is located within a rural area in the western Maryland and is sparsely populated. Several large state parks are located within the county, and tourism is a leading industry. Many area residents are employed by the local school system, medical center, and Wal-Mart. As of August 2007, the unemployment rate for Garrett County, Maryland, was 4%. This rate is slightly higher than the statewide rate of 3.7% for the same month.

The area has a population of 23,284 and a median housing value of \$83,833. The owner-occupancy rate for the market area is 50.3%, which is less than the state (62.5%) and nonmetropolitan areas of Maryland (52%). The area family poverty rate of 9.7% is greater than the state average of 6.1% and the rate for nonmetropolitan areas of Maryland of 7.3%. The 2007 median family income for nonmetropolitan areas of Maryland equals \$64,100.

The following table provides demographic data for the assessment area by the income level of families and the percentage of the population living in census tracts of varying income levels. The table also displays the distribution of owner-occupied housing units by income level of census tract, as well as business demographic information from Dun & Bradstreet.

Garrett County ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,908	29.1
Moderate	4	80.0	5,399	82.3	602	11.2	1,564	23.8
Middle	1	20.0	1,159	17.7	33	2.8	1,514	23.1
Upper	0	0.0	0	0.0	0	0.0	1,572	24.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	5	100.0	6,558	100.0	635	9.7	6,558	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	8,954	5,678	80.8	63.4	1,794	20.0	1,482	16.6
Middle	5,009	1,345	19.2	26.9	273	5.5	3,391	67.7
Upper	0	0	0.0	0.0	0	0.0	0	0.0
NA	0	0	0.0	0.0	0	0.0	0	0.0
Total	13,963	7,023	100.0	50.3	2,067	14.8	4,873	34.9
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	814	75.7	719	75.8	69	74.2	26	78.8
Middle	261	24.3	230	24.2	24	25.8	7	21.2
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,075	100.0	949	100.0	93	100.0	33	100.0
Percentage of Total Businesses:				88.3		8.7		3.1
	Total Farms by Tract		Farms by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	76	93.8	76	93.8	0	0.0	0	0.0
Middle	5	6.2	5	6.2	0	0.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	81	100.0	81	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0

NA Tracts are tracts without household or family income.

The only middle-income census tract within the assessment area has been classified as being underserved, which is consistent with the rural nature of the local market area. The designation indicates that the census tract is sparsely populated and that certain essential community development services may not be available within a reasonable proximity to the census tract.

A local community development official was recently contacted to assist in evaluating the bank's CRA performance. The contact indicated that local financial institutions are adequately serving the credit needs of the community, but that a need for affordable housing still exists within the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's performance. Demographic data is from the 2000 census, while the aggregate HMDA statistics are from the calendar year 2006.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

Overall, the bank's level of lending to borrowers of different income levels is considered excellent when compared to area demographic and 2006 aggregate data.

Distribution of 2006 HMDA Loans by Income Level of Borrower

A total of 51 HMDA loans were extended within this assessment area; however, one loan did not have information pertaining to borrower income and is not included in the following table.

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	6	12	18	14	50
Percentage of Total Loans	12%	24%	36%	28%	100%
Total Amount of Loans (000's)	\$347	\$1,046	\$2,237	\$2,479	\$6,109
Percentage of Total Amount	5.7%	17.1%	36.6%	40.6%	100%

Although the percentage of area low-income families (29.1%) exceeds the percentage of the bank's HMDA loans extended to low-income borrowers (12%), the bank's level of lending to these borrowers is greater than the aggregate level of lending (9%). The percentage of loans extended to moderate-income borrowers (24%) exceeds both the percentage of moderate-income families and the aggregate percentage of 23.8% and 18%, respectively. Overall, the level of lending to low- and moderate-income borrowers within the market is considered excellent.

Distribution of Consumer Unsecured Loans by Income Level of Borrower

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of Loans	7	11	4	3	25
Percentage of Total Loans	28%	44%	16%	12%	100%
Total Amount of Loans (000's)	\$15	\$41	\$17	\$15	\$88
Percentage of Total Amount	17%	46.6%	19.3%	17.1%	100%

When considering the consumer unsecured sample within this market, the percentage of loans to low-income borrowers (28%) is comparable to that of low-income families in the area (29.1%). The bank's level of lending to individuals of moderate-income (44%), however, substantially exceeds the percentage of moderate-income families in the area (23.8%). The distribution of consumer unsecured loans is considered excellent overall.

GEOGRAPHIC DISTRIBUTION OF LOANS

Overall, the geographic distribution of lending in the assessment area is considered excellent when compared to the various proxies for demand. As previously indicated, the assessment area does not contain any low- or upper-income census tracts.

Distribution of HMDA Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Total
Total Number of Loans	45	6	51
Percentage of Total Loans	88.2%	11.8%	100%
Total Amount of Loans (000's)	\$4,811	\$1,357	\$6,168
Percentage of Total Amount	78%	22%	100%

CMB's level of mortgage lending to residents of moderate-income tracts (88.2%) exceeds both the proportion of owner-occupied housing units in such tracts (80.8%) and the aggregate reporter level of lending (57.3%). This level of performance is considered excellent.

Distribution of Consumer Unsecured Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Total
Total Number of Loans	23	2	25
Percentage of Total Loans	92%	8%	100%
Total Amount of Loans (000's)	\$79	\$9	\$88
Percentage of Total Amount	89.8%	10.2%	100%

The bank's percentage of consumer unsecured loans within moderate-income census tracts (92%) exceeds the proportion of families living in such areas (82.3%) and is considered excellent.

COMMUNITY DEVELOPMENT LOANS, INVESTMENTS, AND SERVICES

Within this assessment area, a bank employee routinely provides credit counseling services in conjunction with a first time home buyer loan program sponsored by the Maryland Department of Housing and Community Development. The bank's participation in community development activities is considered adequate given the bank's market presence and limited available opportunities.

Delivery systems are accessible to all portions of the assessment area and branch hours are considered convenient. The bank's only branch office within the assessment area is located in a moderate-income census tract.

CRA APPENDIX A

SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED 1	OTHER INFORMATION
Morgantown, WV MSA Assessment Area	Full-scope	Headquarters in Bruceton Mills, WV	
Garrett County Assessment Area	Full-scope	N/A	

1 There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

**CRA APPENDIX B
SUMMARY OF STATE RATINGS**

State Name	Lending Test Rating	Community Development Test Rating	Overall State Rating
West Virginia	Outstanding	Satisfactory	Outstanding
Maryland	Outstanding	Satisfactory	Outstanding

CRA APPENDIX C

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.