

PUBLIC DISCLOSURE

February 14, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mercantile Bank and Trust Company
RSSD ID 1216992

61 Brookline Avenue
Boston, Massachusetts 02215

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

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's CRA Rating	3
Scope of Examination	4
Description of Institution	4
Description of Assessment Area	6
Conclusions with Respect to Performance Criteria	9

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

Mercantile Bank and Trust Company (Mercantile or the bank) demonstrates good responsiveness to the credit needs of its assessment area in a manner consistent with its resources and capabilities based on the following findings:

- The bank had an excellent distribution of lending within geographies of various income levels and its lending performance in low- and moderate-income geographies exceeded the number of small businesses and other lenders' performance in those areas.
- The distribution of small business loans by business revenue is considered superior compared to assessment area demographics and to other lenders' performance in the assessment area.
- The distribution of small business loan originations by loan size is considered reasonable given the bank's lending profile and the average small business loan size determined by the bank's niche of taxi medallion lending.
- The bank's small business loans originated inside its assessment area are considered adequate with 61.7 percent by number and 66.9 percent by dollar amount.
- Given Mercantile's size, competition and sphere of operation, its loan-to-deposit ratio is considered favorable and exceeded its competitors.
- Given Mercantile's size, the level of community participation through services and qualified donations demonstrates a strong commitment to the needs of its assessment area.
- No Community Reinvestment Act (CRA) related complaints have been received and no evidence of discriminatory acts or practices was noted during this evaluation.

Scope of Evaluation

Mercantile's CRA performance review was based on CRA activities conducted within its assessment area using the Federal Financial Institutions Examination Council (FFIEC) Small Institution CRA Examination Procedures. These procedures evaluate the bank's efforts in meeting the credit needs of its assessment area under the following five-part criteria: geographic distribution of loans, lending to businesses of different incomes, distribution of small business loans by loan size, lending in the assessment area, loan-to-deposit ratio and record of taking action in response to consumer complaints.

Analysis of the bank's lending performance focused on small business loans originated between July 1, 2010 and December 31, 2010. The bank does not report CRA data and only collects limited information excluding census tracts. Therefore, examiners analyzed a sample of the previous six months of data. Peer small business lending aggregate data was obtained from the Federal Reserve System's CHAT CRA/Home Mortgage Disclosure Act (HMDA) Data Analysis Tool and was the most recent data available as of the examination date (2009). Small business lending data for 2010 was obtained directly from Mercantile.

Analysis of the bank's loan-to-deposit ratio incorporated 20 quarters from March 31, 2006 through December 31, 2010, representing the period since the prior examination.

DESCRIPTION OF INSTITUTION

Mercantile is the sole subsidiary of Mercantile Capital Corporation, Boston, Massachusetts. The bank became a state member in May of 2004. Mercantile's main office is located near Fenway Park at 61 Brookline Avenue in Boston. In addition to its main branch, the bank also maintains two full service branch offices located at 423 Washington Street in Brighton (opened in 2000) and 1320 Washington Street in the South End (opened in 2003). The South End branch is located in a low-income census tract, while both of the other offices are located in middle-income tracts.

The bank is primarily a commercial and commercial real estate lender, although it does engage in a small amount of consumer lending. Over the past several years, Mercantile shifted its focus away from the little residential lending it had engaged in. Currently, this business is more of an accommodation to existing customers. The substantial portion of the bank's commercial lending over the past several years is secured by taxi medallions. Mercantile's business strategy is to attract local deposits and invest them into commercial loans within its assessment area.

As of December 31, 2010, Mercantile's assets totaled \$167.4 million, \$155.6 million¹ or 93.0 percent of which was comprised of loans. The bank has experienced moderate asset growth during the past year, increasing 1.3 percent or \$2.1 million. The bank's focus on commercial lending is evident by a sizable increase in its commercial portfolio, specifically taxi medallion lending. Total deposits increased by \$4.5 million or 3.3 percent in the past year.

The following table illustrates the composition of Mercantile's loan portfolio as of December 31, 2010, based on the Call Report:

Table 1 - Composition of Loan Portfolio		
Type of Loans	\$(000)	% Total
Construction & Land Development	828	1.0
1-4 Family		
a. First Mortgages	11,088	7.1
b. Home Equity Lines	1,856	1.2
c. Junior Liens (Second Mortgages)	70	0.0
Multifamily	11,307	7.1
Commercial Loans		
a. Commercial Real Estate	43,019	27.2
b. Commercial & Industrial Loans	88,692	56.2
Revolving Credit	83	0.0
Other Consumer Loans	269	0.2
Total Gross Loans	157,212	100.0

Source: Consolidated Report of Condition and Income, 12/31/10

The table above indicates that 56.2 percent of the portfolio consists of commercial and industrial loans, which is consistent with the bank's strategy to remain predominantly a commercial lender, specializing in taxi medallion lending.

Mercantile is a somewhat unique institution as it is a small commercial lender located in downtown Boston situated among much larger regional and national lenders. Moreover, its focus on taxi medallion lending provides a niche which allows it to compete among much larger competition. The bank identifies its main competitors as Wainwright Bank & Trust, Meetinghouse Co-operative Bank, East Boston Savings Bank, Brookline Bank and Hyde Park Savings Bank.

This performance evaluation is an assessment of the bank's CRA performance by the Federal Reserve Bank of Boston. The examination takes into consideration

¹ Net of loan loss reserve and unearned income

Mercantile's financial capacity, legal impediments, local economic conditions, demographics and the competitive market in which it operates. Currently, there are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment area.

The previous CRA examination was conducted by the Federal Reserve Bank of Boston on February 21, 2006. The examination resulted in an overall "Outstanding" rating.

DESCRIPTION OF ASSESSMENT AREA

Overview

The CRA requires a financial institution to identify an assessment area where it focuses its lending efforts. Mercantile has an extensive assessment area defined as the following 19 cities and towns: Arlington, Belmont, Boston, Brookline, Cambridge, Dedham, Lexington, Medford, Milton, Needham, Newton, Quincy, Somerville, Waltham, Watertown, Wellesley, Weston, Winchester, and Woburn. The assessment area encompasses portions of the Boston-Quincy, MA and the Cambridge-Newton-Framingham MA Metropolitan Divisions (MD) and is located in Suffolk, Middlesex, and Norfolk Counties. This is a fairly large assessment area for this size institution. However, this delineation was chosen by the bank deliberately to capture the bulk of the taxi medallion businesses which tend to be based outside of Boston, although they primarily serve the Metro-Boston area.

According to 2000 census data, the assessment area consists of 333 census tracts. Of this total, 38 or 11.4 percent are low-income, 101 or 30.3 percent are moderate-income, 115 or 34.5 percent are middle-income, 78 or 23.4 percent are upper-income census tracts and 1 or 0.3 percent is unknown. The bank's assessment area is in compliance with the regulation as it consists only of whole geographies; does not reflect any illegal discrimination; does not arbitrarily exclude low- or moderate-income geographies, and the assessment area does not extend substantially beyond an Metropolitan Statistical Area (MSA) boundary or beyond a state boundary.

Population and Income Characteristics

Based on the 2000 census data, the assessment area has a population of 1,404,968. Of this total, 8.73 percent reside in low-income tracts, 31.40 percent reside in moderate-income tracts, 34.96 percent reside in middle-income tracts, 24.87 percent reside in upper-income tracts and 0.5 percent reside in unknown income tracts. The population is comprised of 568,806 households. Consistent with the population distribution, 7.74 percent of households reside in low-income tracts, 30.44 percent reside in moderate-income tracts, 36.46 percent reside in middle-income tracts, and 25.36 percent reside in

upper-income tracts.

The Department of Housing and Urban Development's (HUD) 2009 estimated median family income for the Boston-Quincy MD is \$83,900, and the Cambridge-Newton-Framingham MD is \$97,100. The majority of lower-income geographies are located within the inner city, and the more affluent geographies are located in the bank's outer assessment area in Boston's suburban areas.

Business Characteristics and Employment Statistics

According to 2009 Dun and Bradstreet data, there are 72,871 businesses located within the bank's assessment area. Small businesses prevail, as 86.7 percent have reported gross revenues under \$1 million.

The table below displays the unemployment rates for the 19 nineteen towns and cities which comprise the bank's assessment area and for the state and counties in which they reside. According to this data, each town, city and county in Mercantile's assessment area had considerably lower unemployment rates than the state of Massachusetts.

UNEMPLOYMENT RATES	
Arlington	5.5
Belmont	5.1
Boston	7.3
Brookline	4.3
Cambridge	5.1
Dedham	7.4
Lexington	5.2
Medford	7.1
Milton	5.9
Needham	5.0
Newton	5.3
Quincy	7.4
Somerville	5.8
Waltham	6.4
Watertown	6.0
Wellesley	5.1
Weston	4.2
Winchester	5.5
Woburn	6.9
Middlesex County	6.5
Norfolk County	7.8
Suffolk County	7.5
MASSACHUSETTS	8.0

Source: Massachusetts Department of Labor as of December, 2010

The following table provides 2009 demographic information for Mercantile's assessment area:

Table 3 - Assessment Area Demographics									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	38	11.4	25,085	8.2	7,925	31.6	76,712	25.1	
Moderate-income	101	30.3	88,488	29.0	11,226	12.7	53,862	17.6	
Middle-income	115	34.5	109,222	35.8	4,653	4.3	60,747	19.9	
Upper-income	78	23.4	82,673	27.1	2,186	2.6	114,147	37.4	
Unknown-income	1	0.3	0	0.0	0	0.0	0	0.0	
Total Assessment Area	333	100.0	305,468	100.0	25,990	8.5	305,468	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	46,812	6,962	2.7	14.9	36,943	78.9	2,907	6.2	
Moderate-income	180,051	52,500	20.6	29.2	120,692	67.0	6,859	3.8	
Middle-income	214,242	104,922	41.1	49.0	102,307	47.8	7,013	3.3	
Upper-income	150,024	90,954	35.6	60.6	53,406	35.6	5,664	3.8	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	591,129	255,338	100.0	43.2	313,348	53.0	22,443	3.8	
	Total Businesses by Tract	Business by Tract & Revenue Size							
				Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	8,042	11.0	6,594	10.4	1,153	15.0	295	14.7	
Moderate-income	14,524	19.9	12,749	20.2	1,210	15.7	565	28.2	
Middle-income	24,085	33.1	20,606	32.6	2,872	37.3	607	30.3	
Upper-income	26,218	36.0	23,212	36.7	2,470	32.1	536	26.7	
Unknown-income	2	0.0	1	0.0	0	0.0	1	0.0	
Total Assessment Area	72,871	100.0	63,162	100.0	7,705	100.0	2,004	100.0	
	Percentage of Total Businesses:			86.7		10.6		2.8	

Community Contacts

As part of the CRA examination process, community contacts are conducted in order to determine what community development or credit opportunities are available in the assessment area, and to verify that institutions are meeting the credit needs of the community. Information was obtained from a community development financial institution that provides, among others, venture funds, new markets tax credits to low-income communities, and foreclosure relief to individuals. The contact spoke positively of the involvement of certain financial institutions and also expressed the pressing need to rescue minority neighborhoods facing foreclosures as a result of subprime loans. According to the contact, financial institutions could do more to assist families, affected by the subprime lending, to regain financial stability.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Scope of Evaluation

Mercantile has one assessment area as described in the Description of Assessment Area. Analysis of the bank's lending performance was conducted on-site within the geographic boundaries of this assessment area. Lending performance was based on a review of small business loans originated between July 1, 2010 and December 31, 2010. The bank originates very few residential loans, and therefore, these loans were not included in the analysis. Consumer lending represents less than one percent of the bank's portfolio, and also was not considered in this analysis. Mercantile is a reporter under HMDA, but reports primarily on loans secured by multi-family dwellings which it considers commercial lending. This low level of HMDA related activity is considered insignificant in terms of conducting any meaningful analysis, and was not reviewed for this examination.

Geographic Distribution of Loans

The geographic distribution of loans in the assessment area is considered in evaluating lending performance. The bank is evaluated based upon loan distribution among census tracts of various income levels based on the demographics of the individuals residing in these tracts. Small business loans are compared to the number of small businesses located in these areas, as well as the performance of all lenders.

The following table shows that Mercantile originated 45.3 percent of the total small business loans in low- and moderate-income census tracts during the six months under review. This percentage exceeds the percentage of businesses located in these geographies, which according to 2009 Dun and Bradstreet data totaled 30.9 percent. In 2009, the most recent year aggregate lending data was available, Mercantile's

extension of 45.3 percent of its small business loans in low- and moderate-income geographies compared very favorably to the aggregate's performance of 26.5 percent.

Geographic Distribution of Small Business Loans				
Tract Income Level	% of Business* 2009	2009 Aggregate %	7/1-12/31/10	
			#	%
Low	11.0%	7.9%	3	3.6%
Moderate	19.9%	18.6%	35	41.7%
Middle	33.1%	37.5%	25	29.7%
Upper	36.0%	36.0%	21	25.0%
Total	100.0%	100.0%	84	100.0%

Source: Internal Bank Data
* 2009 Dun and Bradstreet Data

As a small commercial bank located in a highly competitive urban area, this penetration of low- and moderate-income census tracts is considered strong. This criterion is considered to exceed satisfactory standards.

Lending to Businesses of Different Sizes

Examiners analyzed Mercantile's commercial loans originated within the assessment area to determine the distribution among businesses of various sizes. A small business is defined as a business with gross revenues of \$1 million or less.

The following table shows that, by number, 96.4 percent of commercial loans were granted to businesses with annual revenues of \$1 million or less. This is higher than the percentage of businesses which are considered small businesses in the assessment area. According to 2009 Dun and Bradstreet data, 86.7 percent of businesses in the assessment area had gross revenues of \$1 million or less. The bank also compared exceedingly favorable to all other lenders in the assessment area at 21.7% for the 2009 aggregate data. See the following table for additional information.

Small Business Loan Origination by Revenue of Business				
Gross annual revenues	Businesses in AA 2009*	2009 Aggregate	7/1-12/31/10	
	%	%	#	%
<= \$1 million	86.7%	21.7%	81	96.4%
>\$1 million	10.6%	78.3%	3	3.6%
NA	2.7%	-	-	-
Total	100.0%	100.0%	84	100.0%

Source: Internal Bank Data
* 2009 Dun and Bradstreet Data

An analysis of lending to small businesses was also performed based on the loan amount. For small businesses, it is assumed that smaller dollar amount loans are typically made to smaller businesses. A strong distribution of smaller loans indicates a willingness to extend credit to small businesses. The following table indicates that Mercantile's originations of loans less than \$100,000 was a combined 22.6 percent for the six months under review. This is considerably lower than the 2009 aggregate performance of 93.2 percent. However, the majority of Mercantile's lending during the review period was comprised of taxi medallion lending.² The average loan size for a typical taxi medallion loan is approximately \$250,000-\$300,000. Given the bank's niche, and this lending profile, a higher distribution in the \$250,000 and greater range would be expected.

Distribution of Small Business Loan Originations by Loan Size				
Loan Size (000)	2009 Aggregate		7/1-12/31/10	
	#	%	#	%
<\$100	23,818	93.2%	19	22.6%
\$100 - \$250	780	3.1%	26	31.0%
>\$250 - \$1,000	954	3.7%	39	46.4%
Total	25,552	100.0%	84	100.0%

Source: Internal Bank Data

As Mercantile's lending niche of extending taxi medallion loans produces a higher concentration of loans greater than \$250,000, this distribution of lending is considered reasonable. Moreover, since the bank's business plan produces lending at a higher dollar amount, but still extends a significant volume to small businesses, more weight was given to the bank's lending to businesses with gross revenues under \$1 million.

² Taxi medallion lending accounted for 73 percent of all small business lending reviewed for this analysis.

This distribution was considered strong, and the bank was considered to exceed satisfactory standards for this criterion.

Loan-to-Deposit Ratio

This performance category evaluates a small bank's net loan-to-deposit (LTD) ratio. This ratio shows the percentage of the bank's deposit base that is reinvested in loans and is a measure of the bank's willingness to extend credit. To account for seasonal variations or other anomalies, the average net LTD ratio was calculated using the LTD ratios for the last 20 quarters. This period falls within the economic downturn affecting the whole country and has caused the LTD ratios to fluctuate for most institutions.

The bank's average LTD ratio of 97.4 percent exceeds the standards for satisfactory performance.

The most recent LTD ratio of four other competitors operating in the bank's assessment area was also considered over the same time period to further evaluate the reasonableness of Mercantile's ratios. The figures indicate that the current LTD ratio for Mercantile is higher than its local competitors.

Table Net Loan-to-Deposit Ratio Comparison December 31, 2010		
<i>Institution</i>	<i>Net Loan-to-Deposit Ratio</i>	<i>Asset Size (000's)</i>
Mercantile Bank & Trust	111.2%	\$167,379
Wainwright Bank & Trust	104.5%	\$1,106,395
Meetinghouse Co-operative Bank	81.3%	\$63,279
East Boston Savings Bank	80.1%	\$1,173,927
Hyde Park Savings Bank	26.6%	\$910,271

Lending Inside the Assessment Area

This performance criterion evaluates the concentration of loans originated by the bank within its designated assessment area. Included in this analysis were commercial loans secured by non-farm, non-residential real estate, and commercial and industrial loans which include the bank's loans secured by taxi medallions.

For loan activity reviewed, the following table displays the number and dollar volume of loans originated both inside and outside the bank's assessment area for July 1, 2010-December 31, 2010.

Concentration of Small Business Loan Originations Inside the Assessment Area								
Year	Inside Assessment Area				Outside Assessment Area			
	Number		Dollar		Number		Dollar	
	#	%	\$	%	#	%	\$	%
7/1-12/31/11	84	61.7%	\$19,432,142	66.9%	52	38.3%	\$9,626,424	33.1%

Source: Internal Bank Data

As indicated above, the majority of loans reviewed were originated within the bank's assessment area. Mercantile originated 84 small business loans totaling \$19 million within its assessment area during the six month period. By number and dollar amount, this represented 61.7 percent and 66.9 percent respectively.

Based on this level of performance, Mercantile's lending within the assessment area is considered to meet standards for satisfactory performance.

Response to Complaints

No CRA-related complaints have been received since the previous examination.

Consideration of Investments and Services

In addition to the performance criteria, Mercantile's qualified services and investments were also reviewed. In order to be considered, services and investments must meet the definition of community development, under Regulation BB (CRA) Section 228.12(g). Community development consists of affordable housing, community services for low- and moderate-income individuals, activities that promote community development by financing small businesses and activities that revitalize low- and moderate-income census tracts, distressed/underserved areas or designated disaster areas. Community development investments include grants, and investments or deposits with a primary purpose of community development. Community development services must also be related to the provision of financial services. The following summarizes the bank's qualified services and investments.

Alternate Delivery Systems

- *Online Banking* - Mercantile offers comprehensive internet banking to its customers free of charge. The system allows customers to check account balances and deposits, see which checks have cleared, transfer funds between accounts, schedule future transfers, and view recent transactions. Unlike many

other free online banking services, Mercantile also does not charge for its bill pay service.

- *Vigo Remittances* - The bank was approved as an agent of Vigo Remittance Corporation prior to the previous examination. Vigo is the second largest privately held electronic fund transfer company in the US. Remittance services can serve an important community need for many low- and moderate-income persons, particularly those who use the services to send money to family members in other countries. Mercantile made the decision to offer this service to its growing customer base of foreign decent as well as non-customers of the bank. More traditional wire vehicles often cannot reach the typically remote locations in such countries that an organization such as Vigo has the ability to reach. It indicates an innovative approach to meeting community needs.

Low Cost Products

- *Totally Free Business Checking* - Mercantile offers a very competitive checking account to its business customers, the majority of which are small businesses. The account offers no monthly service charge, no minimum balance, and waives charges on the first 500 free monthly items. Many larger institutions have much higher fees for these services. The account also offers free e-statements, and free online banking and bill pay services.
- *Non-Profit Free Interest Checking* - Mercantile also offers a checking account targeted specially at non-profit organizations. This product is similar to the free business checking. It offers no monthly service charge, no minimum balance to earn interest, first 500 free monthly items and free e-statements.
- *Low Cost Consumer Checking* - Mercantile offers low cost consumer checking products to meet a variety of needs.

Services

In late 2003, Mercantile formed a Social Responsibility Committee which has representation from both bank staff and the board of directors. The committee meets monthly to provide direction to the bank's community outreach and charitable efforts. It should be noted that the bank's CRA assessment area is broadly defined in order to capture the locations of its taxi medallion customer base. However, Mercantile's outreach efforts are primarily targeted in inner-city Boston neighborhoods, and around the bank's branch network. Senior level staff from the bank, including the president utilizes their financial expertise and volunteer their time to participate in various initiatives. Financial literacy programs including Project Hope and Money Smart

Programs are hosted by the bank with the following organizations:

- *Community Re-entry for Women (CREW)* - This program prepares formerly incarcerated women who are largely low-income for re-entry through the delivery of life skills instruction, job readiness training and health care services. Program partners include the Suffolk County Sheriff's Department; the South End Community Health Center (SECHC), a comprehensive urban health care provider; and Project Place, a multi-service agency that specializes in providing at-risk populations with education, life skills, job skills and job placement.
- *Center for Women & Enterprise* - The Center for Women & Enterprise (CWE) is dedicated to helping women start and grow their own businesses. CWE is a national leader among women's business development agencies. CWE's mission is to empower women to become economically self-sufficient and prosperous through entrepreneurship. CWE has served over 15,000 entrepreneurs. CWE offers education, training, technical assistance, women's business enterprise certification and access to both debt and equity capital to entrepreneurs at every stage of business development. Their clients are drawn from a wide variety of racial, ethnic and socio-economic backgrounds, including women living in public housing.
- *Project Place* - This organization provides a supportive community that promotes hope and opportunity for homeless, and low- and moderate-income individuals.
- *American Red Cross* - Previously located in downtown Boston on Huntington Avenue recently relocated to Cambridge. The Red Cross' financial literacy class was taught to women who were taking training to be a nurse or hospice assistant and were considered at-risk either due to unemployment or other financial reasons.

From 2006-2010, the bank estimates that they have provided 232.50 hours of its senior level staff's time, and have reached 338 individuals through its initiatives.

Investments

Mercantile's investments consist of charitable contributions within its assessment area. Similar to services, the investments are gathered more closely around its branch network within Boston. A review of charitable contributions for 2006-2010 indicates that the committee approved contributions of \$143,582 in total. Of the \$126,336 of donations made from 2006-2010, \$89,886 or 71.1 percent are qualified investments. Of the \$128,434 of donations made from 2006-year-to-date 2011 (entire scope of exam), \$90,536 or 70.5 percent are qualified investments. The committee approved a total of \$63,600 for the charitable contribution budget for 2011. Given the size of the institution, this level of community participation demonstrates a significant commitment to the needs of its assessment area. Qualified organizations supported include:

- *Project Place* (see above)
- *Family Services of Greater Boston* – This is one of the oldest child welfare, home health care, and elder care agencies in the Greater Boston area. Strives to be Boston’s premier provider of family development and support services for Boston’s poor and working poor families.
- *United South End Settlements* – This organization a strong community by improving the education, health, safety and economic security of low-income individuals and families in Boston’s historic South End.
- *Action for Boston Community Development* – This organization is largest human services agency in New England. It promotes self help for low-income people and neighborhoods.
- *Washington Main Streets* – This is a business development and neighborhood improvement organization which develops and sustains the economic vitality of the commercial and residential neighborhoods along Washington Street in the South End and Lower Roxbury. It has also renovated historic buildings, and provided new mixed-income developments and low-income housing projects by successfully employing all the latest ideas for community development.

Overall, Mercantile's community development activities are considered robust for an institution of its size. A review of minutes indicates that the Social Responsibility Committee is active and committed to reaching deserving individuals in the bank’s assessment area. Charitable contributions are well targeted and intended to make the maximum effect within the organization. Finally, the bank has been innovative in introducing low-cost and other alternative products to better serve all segments of its assessment area. These efforts contributed to the overall assessment of the “Outstanding” rating.

Fair Lending or Other Illegal Credit Practices Review

The fair lending review performed concurrently with this examination did not evidence any discriminatory or other illegal credit practices. The bank’s compliance risk management program was found to be adequate to ensure compliance with fair lending and other credit practice rules, laws and regulations