

PUBLIC DISCLOSURE

January 23, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**PREMIER BANK
RSSD – 1954294
DOYLESTOWN, PENNSYLVANIA**

**FEDERAL RESERVE BANK OF PHILADELPHIA
TEN INDEPENDENCE MALL, PHILADELPHIA, PA**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of the 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 Reserve Bank of Philadelphia concerning the safety and soundness of this financial institution.

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INSTITUTION'S RATING

INSTITUTION'S CRA RATING

Premier Bank is rated **SATISFACTORY**.

TABLE OF PERFORMANCE TEST RATINGS

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

PERFORMANCE TEST MATRIX			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

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

SUMMARY OF MAJOR FACTORS SUPPORTING RATING

- A high percentage of the bank's loans were made inside its assessment area.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of borrowers, given the product lines offered by the bank, reflects adequate penetration among retail customers of different income levels and good penetration among business customers of different sizes.
- The bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The bank has made an adequate level of community development loans.
- The bank has an adequate level of qualified community development investments and grants.
- The bank's delivery systems are accessible to essentially all portions of its assessment area.
- The bank provides a limited level of community development services.

INSTITUTION

DESCRIPTION OF INSTITUTION

Premier Bank (Premier), headquartered in Doylestown, Bucks County, PA, is located approximately 35 miles north of Philadelphia, PA. Formed in April 1992 as a Pennsylvania chartered commercial bank, Premier is a full-service bank that offers business and personal banking services.

Premier currently operates six full-service branches and one limited service branch. Four of the full-service branches are located in Bucks County (Doylestown, Yardley, Bensalem and Southampton). In addition, one limited service branch is in a retirement community in Doylestown. Premier has two branches in Montgomery County (North Wales and Jenkintown). Both Bucks and Montgomery counties are part of the Philadelphia PA Metropolitan Division (MD) of the Philadelphia-Camden-Wilmington PA-NJ-DE-MD Metropolitan Statistical Area (MSA).

Since August 2003, Premier has been a subsidiary of Fulton Financial Corporation (Fulton Financial), a \$12.3 billion multi-bank holding company headquartered in Lancaster, Pennsylvania. Fulton Financial operates fourteen bank subsidiaries in Pennsylvania, New Jersey, Delaware, Maryland, and Virginia as of September 30, 2005.

The following table details the locations of Premier's branches.

Metropolitan Area	County	Number of Branches
Philadelphia MD	Bucks County	5
Philadelphia MD	Montgomery County	2
Total Branches		7

As of September 30, 2005, Premier reported total assets of \$522 million, of which almost \$344 million, or 66%, were loans and leases. On a dollar volume basis, commercial loans, which include commercial mortgages and commercial and industrial loans, are by far the most material product offered by the bank at over 76% of the portfolio. The second most significant product is loans secured by residential property.

LOANS as of 09/30/2005	\$000	%
Real Estate Secured		
Construction & Land Development	8,094	2.4
Secured by Residential Property (Open End)	13,446	3.9
Secured by Residential Property (Closed End)	35,889	10.4
Multi-Family Property	10,820	3.2
Commercial Mortgages	235,909	68.6
Commercial and Industrial	27,538	8.0
Consumer Loans	1,339	0.4
Other Loans	10,670	3.1
GROSS LOANS	\$343,705	100%

Source: Consolidated Report of Income for the period ending September 30, 2005 (pages 11 and 12)

DESCRIPTION OF ASSESSMENT AREA

For purposes of CRA, Premier has one designated assessment area in Pennsylvania which consists of Bucks County in its entirety, and adjacent portions of Montgomery County and northeastern Philadelphia County, all located in the Philadelphia, PA MD of the Philadelphia-Camden-Wilmington PA-NJ-DE-MD MSA.¹

The bank's assessment area was determined to comply with the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies. The bank's asset size and financial condition indicate that it has the ability to effectively meet the credit needs of its assessment area. There are no legal or other impediments that would hamper the bank's ability to meet community credit needs.

SCOPE OF EXAMINATION

The examination of Premier's CRA performance was evaluated for the period from December 1, 2003 through January 23, 2006. The lending, investment, and service tests were applied in assessing the bank's performance under CRA, pursuant to the Interagency Procedures and Guidelines for Large Retail Institutions. Under the lending test, loan products evaluated included home purchase and home improvement loans and refinancing of such loans (collectively titled HMDA loans), small business loans, and other loans that qualified as community development. Home Mortgage Disclosure Act (HMDA) and small business lending activity covers data reported from January 1, 2004 through December 31, 2005.

For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data. The distribution of loans to borrowers of different income levels was based upon annually adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD). The most recent year for which family income data was available is 2005.

Premier's HMDA loans and small business loans were compared to the aggregate of all lenders in the bank's assessment area reporting such loans pursuant to HMDA, and small business loans pursuant to CRA. This data is reported annually, and the most recent year for which information was available is 2004.

In addition, written documentation of interviews conducted with community representatives, prepared by the Federal Reserve and other regulatory agencies, was reviewed during the course of the examination.

COMPLIANCE WITH FAIR LENDING LAWS

¹ A map of the bank's assessment area is located in Appendix C of this Public Evaluation.

No credit practices were identified that violated the substantive provisions of anti-discrimination laws and regulations, including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act, or any regulations pertaining to the nondiscriminatory treatment of credit applicants.

DESCRIPTION OF INSTITUTION'S OPERATIONS

Situated in the eastern Pennsylvania area known as the Delaware Valley, the Philadelphia MD includes Philadelphia, Bucks, Chester, Delaware, and Montgomery Counties. Premier's assessment area includes only Bucks County and portions of adjacent Montgomery County and northeastern Philadelphia County.

According to the 2000 Census, there are 260 census tracts in Premier's assessment area; 24 moderate-income, 131 middle-income, and 103 upper-income tracts. There are no low-income tracts, and the two remaining tracts are classified as unknown-income; one contains the Northeast Philadelphia Airport, and one is the site of the former Philadelphia State Hospital, which after many years of abandonment and decay, is now slated for mixed-use development. Eleven of the assessment area's 24 moderate-income census tracts are located in Bucks County, in Bensalem, Bristol, Croydon, Warminster Heights, and Levittown. Two of these tracts are located in Montgomery County in Ambler and Cheltenham, and eleven tracts are located in Philadelphia in the northeast neighborhoods of Mayfair, Holmesburg, Torresdale, Bustleton, and Bells Corner. Just 10% of the assessment area's population resides in the moderate-income census tracts.

Premier's performance was evaluated in terms of the demographic and business context in which the bank operates. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits (as of June 30, 2005)² there were 73 depository institutions operating in Bucks, Montgomery, and Philadelphia Counties in their entirety (a larger geographical area than the assessment area). These institutions maintained a total of 937 branches holding \$64.2 million in deposits. Premier, with seven branches in the market area, ranked 28th with \$338 million and 0.53% of the retail deposit market. Wachovia Bank holds the largest share of deposits with 25% of the market. Premier ranks 13th in market share in Bucks County, where five of its seven branches are located, with 2.7% of the market.

Premier's home mortgage loans were compared to the aggregate of all lenders in the assessment area reporting real estate loans pursuant to HMDA. This data is reported annually and the most recent year for which information is available is 2004, when there were a total of 582 HMDA reporters. According to the 2004 data, Premier is not a major HMDA originator in the assessment area, ranking 163rd, with 63 loans, or less than 1%. Country Wide Home Loans and Wells Fargo Home Mortgage ranked 1st and 2nd, with 7% and 4% of the market, respectively. Local financial institutions with at least 2% of market share include Citizens Bank of PA, Wachovia Bank NA, Police and Fire FCU, PNC Bank NA, and Sovereign Bank.

There were 120 lenders reporting 36,802 small business loans in the assessment area in 2004. Premier ranks 24th among these lenders with 0.4% of the market share. Since small business loans include business credit cards, over 80% of these loans were originated by large national lenders such

² June 30, 2005 is the most recent date for which FDIC deposit data is available.

as Capital One FSB, MBNA America DE NA, and Citibank USA NA. Local banks with at least 1% of market share include Wachovia Bank NA, PNC Bank NA, Citizens Bank of PA, and Sovereign Bank.

ECONOMIC CHARACTERISTICS

The assessment area is located in southeastern Pennsylvania, part of a large MSA that includes portions of four states, including Pennsylvania. The economic picture in the assessment area and the Philadelphia MD as a whole is fairly stable, although weak employment growth has meant that the area lags behind the national economic expansion. Even though the manufacturing sector continues to lose jobs, the service sector, especially retail, leisure, and health care, continue to add to their payrolls at a modest pace. Major strengths in the MSA economy include a large number of highly regarded institutions of higher education, a robust health services sector, and comparably affordable living and housing costs. Weaknesses include weak population growth, including a seeming inability to retain graduates from its many prestigious colleges and universities, and lower per-capita income.

Major private employers in Bucks County include healthcare entities St. Mary Medical Center and Doylestown Hospital, manufacturer Northtec LLC, retailers Wal Mart Associates, Giant Food Stores, and Acme Markets. However, local, state and federal government, including local school districts, provide a sizable number of jobs in the County and the MD as a whole. The area is bracing for the loss of over 1600 jobs as the closing of the Willow Grove Naval Air Station is likely when Congress makes a final decision in the 4th quarter of 2006.

The MD remains among the most stable housing markets in the Northeast, and this renders the area attractive to those seeking a lower cost of living, because although housing prices have risen sharply over the past year, the overall appreciation continues to lag behind the nation as a whole. However, the MD's cost of living and especially the cost of doing business overall is above the national average. This combined with weak population growth may result in the economy lagging behind the Northeast and the nation.

The unemployment rates for the assessment area, as well as the state and MSA, are presented in the following table:

	November 2005	November 2004
Bucks County	4.1	4.2
Montgomery County	3.9	3.8
Philadelphia County	7.0	7.2
Philadelphia PA MD	5.0	5.1
Philadelphia-Camden-Wilmington PA-NJ-DE-MD MSA	4.7	4.7
Pennsylvania	4.8	5.2
United States	4.8	5.2

In interviews performed with community leaders by examiners from this Reserve Bank and other regulatory agencies, community credit needs include:

- low cost financing for low- and moderate-income borrowers to purchase and rehabilitate housing,
- more flexible underwriting in mortgage loans, as well as assistance with closing costs and down payments,
- more branches in low- and moderate-income communities,
- more assistance to affordable housing organizations, including operational funding, targeted grants for specific projects, low-cost construction loans, and technical assistance, and
- financing at the micro level for small businesses.

HOUSING

Premier's assessment area contains 433,357 housing units, of which 72% are owner-occupied and 25% rental units. In moderate-income geographies, the level of owner-occupancy is 47%, while rental units account for 49% of all housing. The overall owner-occupancy rate in the Philadelphia MD is 64%, and Pennsylvania is 65%.

Single family units comprise 74% of the housing units, while two-to-four family units comprise 8%, multi-family units 16%, and mobile homes 2%. The median age of the housing stock is 35 years, compared to a median age of 45 years in the Philadelphia MD, and 43 years in Pennsylvania.

Median rent in the assessment area is \$701, with 36% of renters paying more than 30% of their income for housing. Median rent in the Philadelphia MD is \$641, with 39% of renters paying more than 30% of their income for housing. In Pennsylvania, median rent is \$531, with 35% of renters paying more than 30% of their income for housing.

The median housing value in the assessment area is \$144,507, and there is a significant disparity between median housing values in the upper-income geographies (\$194,125) and those in moderate-income (\$86,578) census tracts. Of the total owner-occupied housing units, just 23% are valued at less than \$100 thousand, indicating that housing in the assessment area is less affordable than in other areas. In the Philadelphia MD as a whole, 41% of housing units are valued at less than \$100 thousand, compared with 46% in Pennsylvania overall.

Despite the fact that housing in the Philadelphia MD is more affordable than many areas in the Northeast, home prices in Premier's assessment area have risen significantly in the recent past. Data from the National Association of Realtors indicates that sale prices in many of the towns in the assessment area have risen between 9% and 22% in the past year alone and continue to rise, although the pace has now slowed.

The percentage of owner-occupied housing units contained within designated geographies is used as a proxy to estimate demand for residential mortgage lending within such geographies. An analysis of the location of the assessment area's owner-occupied housing units shows that the vast majority of these units (93%) are located in the middle- and upper-income geographies. Just 7% of all owner-occupied units are located in the assessment area's moderate-income tracts.

MEDIAN FAMILY INCOME

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. According to 2000 Census data, the median family income for the assessment area was \$65,558, compared to \$56,993 for the Philadelphia MD and \$49,184 for Pennsylvania. In 2005, the adjusted median family income for the Philadelphia MD, as reported by HUD, increased to \$66,550.

Of the total families in the assessment area, 14% are designated as low-income and 16% are moderate-income. A large majority of low- and moderate-income families (82%) live in middle- and upper-income geographies. Just 18% live in moderate-income tracts. Families living below the poverty level represent 4% of the total families in the assessment area. These families represent 9% and 8% of total families in the Philadelphia MD and state of Pennsylvania, respectively.

GEOGRAPHIC BUSINESS DATA

The percentage of small businesses located within designated geographies is used as a proxy to estimate demand for small business credit within such geographies. According to Dun and Bradstreet, there are a total of 44,630 businesses in the assessment area, and 38,236 (86%) of them have revenue under \$1 million. The large majority of these small businesses (93%) are located in middle- and upper-income tracts; only 7% are located in moderate-income tracts.

The demographics used to assess the performance context in which Premier operates are detailed in the table on the following page.

Assessment Area Demographics Philadelphia, PA Metropolitan Division								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	40,467	13.6
Moderate-income	24	9.2	28,311	9.5	3,245	11.5	47,012	15.8
Middle-income	131	50.4	143,178	48.0	5,477	3.8	67,213	22.5
Upper-income	103	39.6	126,956	42.5	2,260	1.8	143,753	48.1
Unknown income	2	0.8	0	0.0	0	0.0	0	0.0
Total Assessment Area	260	100.0	298,445	100.0	10,982	3.7	298,445	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	47,916	22,558	7.2	47.1	23,265	48.6	2,093	4.4
Middle-income	214,452	148,691	47.9	69.3	58,879	27.5	6,882	3.2
Upper-income	170,976	139,386	44.9	81.5	27,033	15.8	4,557	2.7
Unknown income	13	13	0.0	100.0	0	0.0	0	0.0
Total Assessment Area	433,357	310,648	100.0	71.7	109,177	25.2	13,532	3.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	3,236	7.3	2,682	7.0	448	8.7	106	8.4
Middle-income	19,234	43.1	16,432	43.0	2,189	42.7	613	48.5
Upper-income	21,934	49.1	19,004	49.7	2,396	46.7	534	42.2
Unknown income	226	0.5	118	0.3	96	1.9	12	0.9
Total Assessment Area	44,630	100.0	38,236	100.0	5,129	100.0	1,265	100.0
	Percentage of Total Businesses:			85.7		11.5		2.8

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The lending test evaluates an institution's lending activities based on the following characteristics:

- Geographic distribution of loans, particularly loans originated in low- and moderate-income geographies;
- Borrowers' profile, irrespective of geography, particularly distribution of loans to low- and moderate-income borrowers and small businesses;
- Overall responsiveness to credit needs of highly economically disadvantaged geographies, low-income persons, and very small businesses; and
- Community development lending activities.

Premier's performance under the lending test is high satisfactory.

Lending Activity

Bank lending levels reflect good responsiveness to assessment area credit needs. As of September 30, 2005, net loans represented 65% of total assets, higher than the 56% at the time of the previous evaluation in January 2004. The bank's national peer group average was 69%.³

Premier's loan-to-deposit ratio measured 101.3% as of 9/30/05, compared to a 94% ratio at the previous evaluation. The peer group average was 86%. The spike in the bank's loan-to-deposit ratio is partially the result of the bank's acquisition by Fulton Financial, under which Premier is more aggressively marketing their mortgage and consumer lending. This represents a change from their former business strategy of lending primarily to local businesses.

Assessment Area Concentration

An analysis was performed to determine the volume of loans extended inside and outside of the bank's assessment area. The analysis consisted of an evaluation of Premier's HMDA loans and small business loans. As the following table illustrates, a majority of loans were made within the assessment area.

³ Premier's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion.

EXHIBIT #2 Premier Bank Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$	%	#	%	\$	%
Home Improvement	24	80.0	\$902	48.9	6	20.0	\$942	51.1
Home Purchase	41	59.4	\$7,676	55.9	28	40.6	\$6,063	44.1
Multi-Family Housing	1	50.0	\$76	6.1	1	50.0	\$1,170	93.9
Refinancing	48	64.9	\$12,59	60.1	26	35.1	\$8,364	39.9
Total HMDA	114	65.1	\$21,24	56.2	61	34.9	\$16,53	43.8
Small Business-Secured	0	0.0	\$0	0.0	1	100.0	\$500	100.0
Small Business	316	77.3	\$65,33	75.1	93	22.7	\$21,65	24.9
Total Small Business	316	77.1	\$65,33	74.7	94	22.9	\$22,15	25.3
TOTAL LOANS	430	73.5	\$86,57	69.1	155	26.5	\$38,69	30.9

Geographic Distribution

An analysis of the geographic distribution of loans was conducted in an effort to determine the dispersion of loans among different geographies within the assessment area. The analysis reflects good penetration throughout the assessment area, including moderate-income census tracts.⁴

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated geographies is used as a proxy to estimate demand for residential mortgage lending within such geographies. A lower level of owner-occupied units limits the bank's lending opportunities in these geographies. In the bank's assessment area, the vast majority of owner-occupied housing units (93%) are located in middle- and upper-income geographies. Only 7% of all owner-occupied units are located in the assessment area's moderate-income tracts. In comparison, 7% of Premier's home mortgage loans were originated in moderate-income tracts. Bank lending levels are considered good given the limited amount of owner-occupied housing in the low- and moderate-income geographies.

Geographic Distribution in Relation to Market Performance

Premier's home mortgage lending was compared to all lenders operating in the assessment area. While 7% of all owner-occupied housing units are located in moderate-income tracts, 8% of all home mortgage loans made in the assessment area were made in these tracts. By comparison, 7% of Premier's home mortgage loans were originated in moderate-income tracts.

Overall, aggregate data indicates that Premier's lending in the assessment area's moderate-income tracts was comparable to aggregate lending.

⁴The information used to evaluate Premier's lending activity is detailed in the CRA Loan Distribution Table contained in Appendix B of this Public Evaluation.

Small Business Lending

An analysis of the geographic distribution of small business loans was conducted to determine the dispersion of these loans among different geographies within the bank's assessment area. Premier originated 316 small business loans, in an aggregate amount of \$65 million. Business demographics revealed that there were a total of 38,236 small businesses within the assessment area.

A comparison of the number of small business loans originated in each type of geography to the number of businesses located in each type of geography demonstrates the bank's commitment to making credit available to its entire community. Premier's extension of credit to these businesses shows that moderate-income tracts received 7% of small business loans, while 7% of small businesses are located in these tracts. Middle-income geographies received 33% of small business loans, while 43% of small businesses are located in these geographies. Upper-income geographies received 60% of small business loans for their 50% share of small businesses.

The bank's small business lending levels are considered good in the assessment area's moderate-income tracts.

Geographic Distribution in Relation to Market Performance

Premier's small business lending was compared to all lenders operating in the assessment area. The 2004 aggregate CRA data shows that while 7% of all small businesses are located in moderate-income tracts, 7% of all small business loans made in the assessment area were made in moderate-income geographies. Premier performed the same as the market in these geographies, extending 7% of their small business loans in moderate-income geographies. Overall, the low number of businesses in the moderate-income geographies provided limited lending opportunities for any bank operating in those geographies.

Distribution of Loans by Borrower Income Level and Revenue Size of the Business

An analysis of HMDA and small business lending data was conducted in conjunction with a review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different income levels and to businesses of different sizes. This analysis revealed that Premier's distribution reflected good penetration among borrowers of different incomes and businesses of different sizes.

Lending to Borrowers of Different Income Levels

Premier's distribution of loans reflects adequate penetration among retail customers of different income levels. An analysis of the distribution of home mortgage loans to both low- and moderate-income borrowers in comparison to the demographics of the assessment area, shows that of the 298,445 families in the assessment area, 29% are designated as low- or moderate-income. During the evaluation period, 17% of the bank's HMDA loans were to low- or moderate-income borrowers.

Borrower Distribution in Relation to Market Performance

Premier's home mortgage lending was compared to all lenders operating in the assessment area. An analysis of aggregate HMDA data shows that while 14% of all families in the assessment area are considered low-income, just 5% of all home mortgage loans made in the assessment area were made to low-income borrowers. By comparison, 6% of Premier's home mortgage loans were originated to low-income borrowers. In addition, while 16% of families are considered moderate-income, 18% of all home mortgage loans made in the assessment area were made to moderate-income borrowers. By comparison, 11% of Premier's home mortgage loans were originated to moderate-income borrowers. Overall, Premier's lending performance is comparable to the market with low-income borrowers, but well below the market with moderate-income borrowers, who are much more likely to be able to purchase, refinance, or improve a home than low-income borrowers.

Despite the bank's adequate lending performance to low- and moderate-income borrowers, Premier's overall good performance in lending to borrowers of different incomes and businesses of different sizes is supported by their lending record to businesses of different sizes. Because commercial loans continue to be the mainstay of the bank's loan portfolio (Premier reported almost three times the number of small business loans as HMDA loans during the time period evaluated), performance to these borrowers carries more weight when arriving at a conclusion.

Lending to Businesses of Different Sizes

An analysis of the distribution of loans to businesses determined that lending to small businesses is consistent with the institution's asset size, lending capacity, and business objectives and reflects good penetration among businesses of different sizes. For the purpose of this evaluation, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. Small business loans are further quantified to identify those loans to businesses with gross annual revenues of \$1 million or less.

Schedule RC-C Part II (Loans to Small Farms and Small Businesses) of the bank's Consolidated Reports of Condition and Income as of June 30, 2005 (the most recent data available) indicates that 57% of commercial loans were designated as small business loans, as detailed in the following chart.

PREMIER BANK COMMERCIAL LOAN PORTFOLIO		
	AMOUNT OUTSTANDING AS OF 6/30/2005 (\$000)	PERCENT
Loans with original amounts of \$100,000 or less	\$8,388	3%
Loans with original amounts of more than \$100,000 through \$250,000	\$26,871	10%
Loans with original amounts of more than \$250,000 through \$1,000,000	\$112,681	44%
TOTAL SMALL BUSINESS LOANS	\$147,940	57%
Loans with original amounts of greater than \$1,000,000	\$108,300	43%
TOTAL COMMERCIAL LOANS	\$256,240	100%

Further analysis of small business lending data was conducted to determine the extent of lending to businesses of different sizes, especially small businesses. Premier's distribution of loans reflects good penetration among business customers of different sizes. Of the 316 loans originated by the bank in 2004 and 2005, 217 (or 69%) were originated to businesses with gross annual revenues of \$1 million or less. In comparison, a review of all lenders in the market shows that just 32% of all small business loans made in the assessment area were to businesses with gross annual revenues of \$1 million or less.

In addition, of the 316 small business loans originated by the bank during the evaluation period, 51% were extended in an amount of \$100 thousand or less. The number of small business loans originated in amounts of \$100 thousand or less is significant because smaller size loans are generally commensurate with the borrowing needs of smaller businesses. Premier's lending activity demonstrates that the bank is helping to meet the credit needs of these smaller businesses.

To address the credit needs of the small businesses in its assessment area, Premier participates as a U.S. Small Business Administration (SBA) lender. As of the evaluation date, the two SBA loans on the bank's books aggregated approximately \$260 thousand.

Community Development Lending

Premier has an adequate level of community development loans. The bank did not originate any community development loans in the evaluation period, however the bank still carries on its books one loan with an outstanding balance of \$1.4 million. This loan was for three multi-family properties in low- and moderate-income areas in Philadelphia. This loan was recognized in the previous evaluation.

Premier is also involved in three loan pools with a consortium of community banks in Bucks, Chester, Montgomery, and Delaware Counties dedicated to affordable housing and community development for a total commitment of \$750 thousand. Of the \$500 thousand committed to two pools, Premier has total outstanding loans of approximately \$408 thousand. The bank committed an additional \$250 thousand to the consortium's third loan pool in 2004, and one loan has been originated as of November 2005, with Premier's share at over \$50 thousand.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income geographies or individuals, together with the innovativeness and complexity of such investments. Qualified investments made prior to the previous evaluation, which are still outstanding, are considered under the test. For purposes of CRA, the term qualified investment has been defined to include: a lawful investment; deposit; membership share or grant; including a donation, or in-kind contribution of property, that has, as its primary purpose, community development.

Performance under the investment test is assessed as low satisfactory.

Volume of Investment and Grant Activity

A review of investment activity revealed that Premier has an adequate level of qualified community development investments and grants. Overall, community development investments aggregated approximately \$987 thousand.

The qualified investments include two Federal National Mortgage Association (FNMA) loan pools and one Federal Home Loan Mortgage Corporation (FHLMC) pool purchased during the last evaluation period comprising 13 mortgages to moderate-income borrowers. These investments aggregate \$974 thousand and were recognized during the previous evaluation.

Premier has a \$10 thousand equity investment in The Reinvestment Fund, a community development financial institution which provides extensive financial and technical support and assistance to community development initiatives throughout the Philadelphia MSA. This investment was recognized during previous evaluations.

In addition to qualified investments, the bank made grants and contributions to various local organizations that routinely provide community and economic development services that benefit low- and moderate-income individuals and geographies within its assessment area. During the period evaluated, the bank made approximately \$2,500 in qualified grants and contributions.

In context of the bank's asset size and overall operating capacity, the present quantity (dollar volume) of investments is adequate. Of the bank's total investments in its assessment area, 98% supported affordable housing and the remaining 2% supported community development services and economic development.

Responsiveness to Credit and Community Development Needs

Premier has demonstrated an adequate responsiveness to credit and community development needs through the use of investments to support community development initiatives. The bank's qualified investments mainly supported affordable housing in its Philadelphia assessment area.

SERVICE TEST

The service test evaluates the financial services provided by a financial institution using the following characteristics.

- The accessibility of delivery mechanisms within an assessment area, including the distribution of an institution's branch offices and alternative delivery mechanisms,
- The impact of changes in branch locations upon low- and moderate-income geographies and/or low- and moderate-income persons in the assessment area,
- The reasonableness of business hours and services in meeting assessment area needs, and
- The extent to which an institution provides community development services.

Performance under the service test is assessed as low satisfactory.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of its assessment area. The bank currently operates seven branches in its assessment area. The following table details the locations of the bank's branches.

Geography	Number of Branches	Percent	Number of ATMs	Percent
Low-income	NA	NA	NA	NA
Moderate-income	1	14	1	17
Middle-income	3	43	2	33
Upper-income	3	43	3	50
Totals	7	100%	6	100%

In addition, the bank operates six automated teller machines (ATM) at all of its full-service branch locations. The ATMs are linked with the STAR ATM network that provides electronic access to banking services through a network of ATMs.

Alternative Retail Banking Services and Alternative Methods of Delivering Retail Banking Services

To supplement traditional banking services, Premier provides Online Banking services at www.premierbankonline.com and Bank-by-Phone services. Online Banking allows customers to verify account balances, transfer funds between accounts, initiate stop payment orders, make loan payments and pay bills.

Changes in Branch Locations

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. Premier has not opened or closed any branches in its assessment area since the previous evaluation.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services, including business hours, do not vary among branch offices in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Banking services are offered in a uniform and consistent manner among all branches.

Community Development Services

Premier provides a limited level of community development services in its assessment area. One bank employee sits on the board of directors of the Community Lenders Community Development Corporation (CLCDC), a community development corporation with a primary focus on community revitalization through the financing of, and investment in, housing and community development activities that meet the needs of low- and moderate-income persons and areas in Bucks and Montgomery Counties. Premier is a founding member of the CLCDC.

Bank Products

Premier offers a Discount Checking account for consumers who write a limited number of checks each month and keep a modest checking account balance. The account charges a monthly fee of \$1.00 per month with no minimum balance requirement, charges \$0.25 per check, and \$0.50 per ATM transaction. The account provides greater access to banking services for low- and moderate-income consumers.

Premier offers a Business Analysis Checking Account for which monthly service charges are \$15 and \$0.25 per check paid and ACH debit. An earnings credit, based on the average three month T-Bill rate, is calculated on the collected daily balance of the account and used to offset the monthly service charge. The account offers unlimited check writing privileges and unlimited ATM deposit transactions without charges at proprietary and non proprietary ATMs.

Premier's Small Business Checking Account charges a service charge of \$10 per month only if the balance falls below \$2,000 at any time during the month. The account offers unlimited check writing privileges and unlimited ATM deposit transactions at any ATM.

CRA APPENDICES

CRA APPENDIX A: 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: 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.

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 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).

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 data such as race, gender and income of applications, amount of loan requested, and 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 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”): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”) or consolidated metropolitan statistical area (“CMSA”) as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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 non-farm 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 non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, 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 Call Report. These loans have original amounts of \$500 thousand 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.

CRA APPENDIX B: HMDA LOAN DISTRIBUTION TABLE

LOAN DISTRIBUTION TABLE - 2004 AND 2005⁵

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	3	7.3%	227	3.0%	1	2.4%	120	1.6%
Middle	11	26.8%	2,355	30.7%	6	14.6%	751	9.8%
Upper	27	65.9%	5,094	66.3%	23	56.2%	4,667	60.8%
Unknown	0	0.0%	0	0.0%	11	26.8%	2,138	27.9%
Total	41	100.0%	7,676	100.0%	41	100.0%	7,676	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	3	6.3%	171	1.4%
Moderate	2	4.2%	235	1.9%	5	10.4%	407	3.2%
Middle	15	31.3%	5,933	47.1%	9	18.8%	1,313	10.4%
Upper	31	64.5%	6,426	51.0%	25	52.0%	5,167	41.0%
Unknown	0	0.0%	0	0.0%	6	12.5%	5,536	44.0%
Total	48	100.0%	12,594	100.0%	48	100.0%	12,594	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	4	16.6%	69	7.6%
Moderate	3	12.5%	50	5.5%	7	29.2%	166	18.4%
Middle	3	12.5%	50	5.5%	3	12.5%	135	15.0%
Upper	18	75.0%	802	89.0%	10	41.7%	532	59.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	24	100.0%	902	100.0%	24	100.0%	902	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	76	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	76	100.0%
Total	1	100.0%	76	100.0%	1	100.0%	76	100.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	7	6.1%	240	1.1%
Moderate	8	7.0%	512	2.4%	13	11.4%	693	3.3%
Middle	30	26.3%	8,414	39.6%	18	15.8%	2,199	10.3%
Upper	76	66.7%	12,322	58.0%	58	50.9%	10,366	48.8%
Unknown	0	0.0%	0	0.0%	18	15.8%	7,750	36.5%
Total	114	100.0%	21,248	100.0%	114	100.0%	21,248	100.0%

⁵ Premier Bank's assessment area includes Bucks County and portions of Montgomery and Philadelphia Counties, all located in the Philadelphia PA MD.

LOAN DISTRIBUTION TABLE-2004 AND 2005 (CONTINUED)

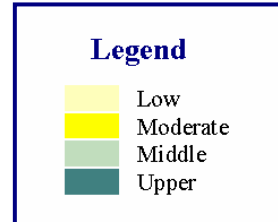
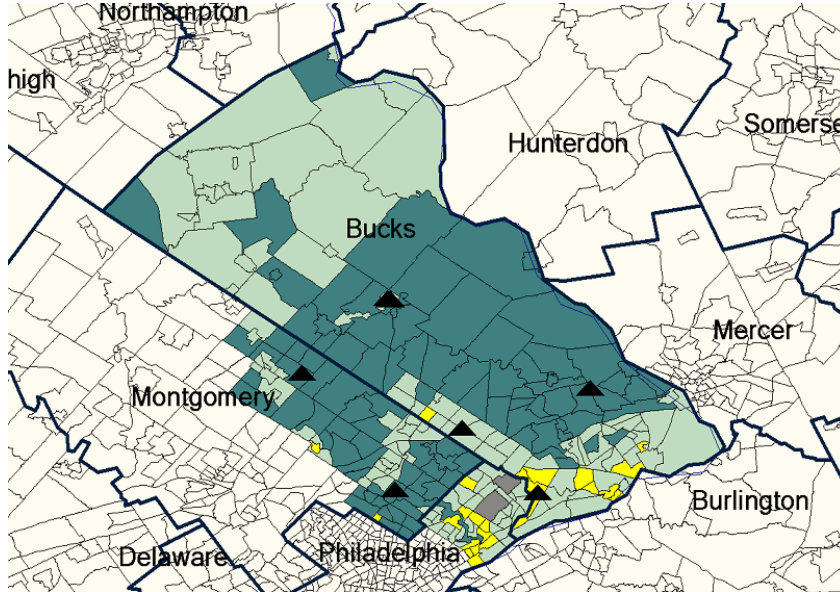
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
By Tract Income								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	22	7.0%	5,763	8.8%	0	0.0%	0	0.0%
Middle	103	32.6%	23,117	35.4%	0	0.0%	0	0.0%
Upper	191	60.4%	36,450	55.8%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	316	100.0%	65,330	100.0%	0	0.0%	0	0.0%
By Revenue								
Total \$1 Million or Less	217	68.7%	46,778	71.6%	0	0.0%	0	0.0%
Over \$1 Million	99	31.3%	18,552	28.4%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	316	100.0%	65,330	100.0%	0	0.0%	0	0.0%
By Loan Size								
\$100,000 or less	160	50.6%	8,744	13.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	72	22.8%	13,134	20.1%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	84	26.6%	43,452	66.5%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	316	100.0%	65,330	100.0%	0	0.0%	0	0.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	108	49.7%	5,436	11.6%	0	0.0%	0	0.0%
\$100,001 - \$250,000	44	20.3%	8,065	17.3%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	65	30.0%	33,277	71.1%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	217	100.0%	46,778	100.0%	0	0.0%	0	0.0%

Originations and Purchases

*Small Business loans are loan sizes that are \$1 million or less.

*Small Farm loans are loans that are \$500,000 or less.

CRA APPENDIX C: ASSESSMENT AREA MAP⁶



⁶ Premier Bank's assessment area includes Bucks County and portions of Montgomery and Philadelphia Counties, all located in the Philadelphia PA MD.