

PUBLIC DISCLOSURE

June 11, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**SUSQUEHANNA BANK
RSSD – 818625
HAGERSTOWN, MARYLAND**

**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 RATING

INSTITUTION'S CRA RATING

Susquehanna Bank is rated **OUTSTANDING**.

TABLE OF PERFORMANCE TEST RATINGS

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

PERFORMANCE TEST MATRIX			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding		X	X
High Satisfactory	X		
Low Satisfactory			
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

Major factors contributing to the rating include the following.

- A substantial majority of the bank's loans were made inside its assessment areas.
- The geographic distribution of home mortgage loans reflects excellent penetration and the geographic distribution of small business and small farm loans reflects good penetration throughout the bank's assessment areas.
- The distribution of borrowers, given the product lines offered by the bank, reflects excellent penetration among retail customers of different income levels and good penetration among business customers of different sizes.
- The bank has a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The bank is a leader in making community development loans.
- The bank has an excellent level of qualified community development investments and grants.
- The bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Susquehanna Bank (Susquehanna), headquartered in Hagerstown, Maryland, is an interstate community bank operating 56 branches and providing a variety of consumer and commercial banking services to its customers in Maryland, West Virginia and Pennsylvania. In addition to bank services, Susquehanna operates a mortgage subsidiary, Susquehanna Mortgage Corporation, (Susquehanna Mortgage) located in Baltimore, MD. The subsidiary originates, purchases, sells and services mortgage loans.

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

Metropolitan Area	County	Number of Branches
Hagerstown-Martinsburg, MD-WV	Washington County, MD	11
Hagerstown-Martinsburg, MD-WV	Berkeley County, WV	4
Baltimore-Towson, MD	Anne Arundel County, MD	2
Baltimore-Towson, MD	Baltimore County, MD	10
Baltimore-Towson, MD	City of Baltimore, MD	2
Baltimore-Towson, MD	Carroll County, MD	4
Baltimore-Towson, MD	Harford County, MD	1
Baltimore-Towson, MD	Howard County, MD	1
Non-MSA Pennsylvania	Bedford County, PA	4
Non-MSA Pennsylvania	Franklin County, PA	6
Non-MSA Garrett County, MD	Garrett County, MD	2
Cumberland, MD, MSA	Allegany County, MD	8
Non-MSA Worchester County, MD	Worchester County, MD	1
Total Branches		56

As of March 31, 2007, Susquehanna reported total assets of \$3 billion, of which \$2.1 billion, or 70%, were loans and leases. On a dollar volume basis, commercial loans (which include commercial mortgages and commercial and industrial loans) is the most material product offered by the bank. The second most significant product is construction and land development loans.

The composition of the bank's loan portfolio as of March 31, 2007 is presented in the table below.

LOANS as of 03/31/2007	\$	%
Construction & Land Development	583,213	27.1
Farmland	20,349	1.0
Open-End Loans Secured by Residential Property	45,261	2.1
Closed-End Loans by Residential Property	465,374	21.7
Commercial Mortgages	556,608	26.0
Commercial and Industrial Loans	316,566	14.9
Loans to Farmers	6,618	0.3
Consumer Open-End Loans	3,415	0.2
Consumer Installment Loans	102,881	4.8
Leases	21,559	1.0
Other Loans	19,858	0.9
TOTAL LOANS	2,141,702	100%

Source: Schedule RC-C, Consolidated Report of Income, for the period ending March 31, 2007.

Susquehanna is a wholly-owned subsidiary of Susquehanna Bancshares, Inc. (SBI), a multi-state financial holding company with assets of \$8.1 billion as of March 31, 2007. SBI is headquartered in Lititz, Pennsylvania.

DESCRIPTION OF ASSESSMENT AREAS

For purposes of CRA, Susquehanna has eight designated assessment areas.

1. Hagerstown-Martinsburg, MD-WV
2. Baltimore-Towson, MD
3. Bedford, Franklin, Fulton and Huntingdon Counties in Pennsylvania
4. Garrett County, Maryland
5. Cumberland, MD-WV
6. Worcester County, Maryland
7. Altoona, PA MSA
8. Jefferson County, WV

The bank's assessment areas were determined to comply with the requirements of the Community Reinvestment Act (CRA) and do not arbitrarily exclude low- and moderate-income census tracts. The bank's asset size and financial condition indicate it has the ability to meet the credit needs of its assessment areas effectively. The bank has no legal or other impediments that would hamper its ability to meet community credit needs.

SCOPE OF EXAMINATION

Susquehanna's CRA performance was evaluated for the period from July 1, 2005 through June 11, 2007. The lending, investment, and service tests were applied in assessing the bank's performance under CRA, in accordance with 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 Home Mortgage Disclosure Act (HMDA) loans], small business and small farm loans, and other loans that qualified as community development. The HMDA, small business and small farm loan data reviewed for purposes of this evaluation covered the period from January 1, 2005 through December 31, 2006. Community development loans reviewed covered the entire evaluation period.

Susquehanna's HMDA, small business and small farm loans were compared to the aggregate of all lenders in the bank's assessment areas reporting such loans. This data is reported annually. The most recent year for which information is available is 2005. The HMDA loans evaluated include loans originated by both Susquehanna and its subsidiary, Susquehanna Mortgage Corporation (Susquehanna Mortgage).

As required under CRA, this evaluation does not take into account loans made by Susquehanna Mortgage when determining the volume of loans extended inside and outside of the bank's assessment area. However, when determining the geographic distribution of loans and lending to borrowers of different incomes, the evaluation includes an analysis of loans originated by Susquehanna Mortgage.

For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data and the 2004 Office of Management and Budget (OMB)¹ metropolitan area designations. The distribution of loans to borrowers of different income levels was evaluated based on 2006 adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD). All other demographic indices and statistics presented throughout this evaluation are based on 2000 U.S. Census data unless otherwise noted.

A substantial majority of the bank's lending and operations are in the Hagerstown MSA, the Baltimore-Towson MSA, Garrett County, MD and the Pennsylvania non-metropolitan assessment areas. Accordingly, a full review of the bank's performance in these assessment areas was performed.

In 2006, the bank closed its two branches in the Altoona, PA MSA. As of the examination date, Susquehanna no longer operated in either of these markets. As such, limited reviews of the bank's CRA performance were conducted for the Cumberland MSA, Worchester County, MD, the Altoona MSA and Jefferson County, WV assessment areas. In 2005, the bank closed its one branch in Jefferson County, WV.

Written documentation of interviews conducted with community representatives, prepared by the Federal Reserve and other regulatory agencies, were reviewed during the course of the evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Performance under the lending test is assessed as high satisfactory.

Lending Activity

Bank lending levels reflect excellent responsiveness to assessment area credit needs. As of March 31, 2007, net loans represented 73% of total assets. The bank's national peer group average was 68%². Susquehanna's loan-to-deposit ratio measured 93% as of March 31, 2007, compared to a peer group average of 91%.

Susquehanna's HMDA and small business lending activity during the period evaluated is summarized in the table on the following page.

¹ Pursuant to 44 U.S.C. 3504(d) (3) and 31 U.S.C. 1104 (d) and E.O. No. 10253 (June 11, 1951), the OMB defines metropolitan areas (MAs) for use in Federal statistical activities.

² Susquehanna's peer group includes all insured commercial banks having assets in excess of \$3 billion.

Susquehanna Bank Summary of Lending Activity				
Loan Type	#	%	\$(000s)	%
Total Consumer Related	0	0	0	0
Home Improvement	644	--	47,246	--
Home Purchase	590	--	156,444	--
Refinancing	592	--	83,941	--
Total HMDA Loans	1,826	32	287,631	36
Small Business	3,485	--	488,299	--
Total Small Business Loans	3,485	63	488,299	62
Small Farm	257	--	15,022	--
Total Small Farm Loans	257	5	15,022	2
TOTAL LOANS	5,568	100	\$790,952	100

Note: Affiliate loans include only loans originated or purchased within the bank's assessment areas.

Assessment Area Concentration

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

Susquehanna Bank Lending Inside and Outside the Assessment Areas								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	522	92.1	30,541	87.5	45	7.9	4,376	12.5
Home Purchase – Conventional	375	86.6	108,956	83.5	58	13.4	21,570	16.5
Refinancing	275	89.9	29,699	83.6	31	10.1	5,818	16.4
Total HMDA Loans	1,172	89.7	169,196	84.2	134	10.3	31,764	15.8
Small Business	3,251	93.3	444,578	91.0	234	6.7	43,721	9.0
Total Small Business Loans	3,251	93.3	444,578	91.0	234	6.7	43,721	9.0
Small Farm	248	96.5	14,043	93.5	9	3.5	979	6.5
Total Small Farm Loans	248	96.5	14,043	93.5	9	3.5	979	6.5
TOTAL LOANS	4,671	92.5	\$627,817	89.1	377	7.5	\$76,464	10.9

Note: Affiliate loans not included.

Commercial Loans

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. Schedule RC-C Part II (Loans to Small Businesses and Small Farms) of the bank's Consolidated Reports of Condition and Income as of June 30, 2006, indicates that 34% of Susquehanna's commercial loans were designated as small business loans, as detailed in the chart on the following page.

Susquehanna Bank Commercial Loan Portfolio – Small Business Lending		
	AMOUNT OUTSTANDING AS OF 06/30/2006 (\$000's)	PERCENT
Loans with original amounts of \$100,000 or less	27,337	3
Loans with original amounts of more than \$100,000 through \$250,000	62,019	8
Loans with original amounts of more than \$250,000 through \$1,000,000	190,543	23
TOTAL SMALL BUSINESS LOANS	279,899	34
Loans with original amounts of greater than \$1,000,000	552,503	66
TOTAL COMMERCIAL LOANS	\$832,402	100

A small farm loan is defined as a loan secured by farmland or to finance agricultural production with an origination amount of \$500 thousand or less. Schedule RC-C Part II of the Consolidated Reports of Condition and Income as of June 30, 2006, indicates that less than 2% of Susquehanna's commercial loans were designated as small farm loans, as detailed in the following chart.

Susquehanna Bank Small Farm Lending		
	AMOUNT OUTSTANDING AS OF 06/30/2006 (\$000's)	PERCENT
Loans with original amounts of \$100,000 or less	2,779	0.3
Loans with original amounts of more than \$100,000 through \$250,000	3,640	0.4
Loans with original amounts of more than \$250,000 through \$500,000	5,663	0.7
TOTAL SMALL FARM LOANS	12,082	1.5
Loans with original amounts of greater than \$1,000,000	552,503	98.5
TOTAL COMMERCIAL LOANS	\$832,402	100

Geographic Distribution of Lending and Borrower Characteristics

The geographic distribution of loans reflects good penetration throughout the assessment areas. The overall distribution of loans among borrowers of different income levels, especially low- and moderate-income families, shows excellent penetration given the economics and demographics of the assessment areas.

Susquehanna's participation in innovative and flexible lending programs, which address the specific credit needs of low- and moderate-income borrowers in the bank's assessment areas, enhances its home mortgage lending profile. The bank participates in lending programs sponsored by nonprofit organizations and local governments which provide low- and moderate-income borrowers with the ability to purchase homes.

The distribution of loans among businesses of different sizes, including small businesses, reflects good penetration. To enhance its efforts in addressing the credit needs of small businesses in its assessment areas, Susquehanna participates as a U.S. Small Business Administration (SBA) lender.

Community Development Loans

Susquehanna is a leader in making community development loans. During the review period, the bank's community development lending was comprised of 34 loans totaling \$41.4 million. Twenty of the loans totaling \$26.7 million represented new obligations for community development purposes, while the remaining 14 loans for \$14.7 million were comprised of renewals which extended the maturity dates of previously originated community development loans. These loans were made to multiple organizations that specialized in affordable housing projects, the provision of social services to low- and moderate-income individuals and families, and the revitalization of areas due to the direct or indirect implementation of permanent jobs in low- and moderate-income areas or distressed middle-income tracts.

In the state of Maryland, which includes the Baltimore-Towson MSA, Cumberland MD-WV MSA, Garrett County, MD, and Worchester County, MD assessment areas, Susquehanna originated 23 community development loans, totaling \$37 million. In the Hagerstown-Martinsburg, MD-WV MSA, the bank originated seven community development loans totaling \$940 thousand.

In the state of Pennsylvania, which includes the non-metropolitan area of Bedford, Franklin, Fulton and Huntingdon Counties and the Altoona MSA, Susquehanna originated four community development loans totaling \$3.5 million.

INVESTMENT TEST

Susquehanna has an excellent level of qualified community development investments and grants. Investments totaling \$33.5 million, primarily support affordable housing initiatives in the bank's assessment areas. For the state of Maryland, qualified investments total \$29.3 million, or 87% of total investments. Qualified investments in the Hagerstown-Martinsburg MD-WV MSA, total \$3.0 million, or 9% of Susquehanna's total investments. For the state of Pennsylvania, qualified investments total \$1.2 million, or 4% of total investments.

SERVICE TEST

Branch delivery systems and alternative delivery systems such as ATMs, telephone and Internet banking, are accessible to essentially all portions of the bank's assessment areas. Banking services do not vary in a way that inconveniences certain portions of the bank's assessment areas, particularly low- and moderate-income census tracts or low- or moderate-income individuals.

Susquehanna is a leader in providing community development services. These services include deposit accounts that provide greater access to banking services for low- and moderate-income individuals and small businesses. In addition, bank officers and employees serve in various capacities on boards and committees of numerous community development organizations.

COMPLIANCE WITH FAIR LENDING LAWS

A review of the bank's credit practices did not reveal any violations of the substantive provisions of anti-discrimination laws, including the Equal Credit Opportunity Act, which is implemented through Regulation B, the Home Mortgage Disclosure Act, which is implemented through Regulation C, the Fair Housing Act, or any other relevant law or regulation prohibiting discrimination of similarly situated credit applicants.

MULTI-STATE METROPOLITAN AREA

HAGERSTOWN-MARTINSBURG, MD-WV METROPOLITAN STATISTICAL AREA CRA RATING³

Performance Test	Performance Level
Lending	High Satisfactory
Investment	Outstanding
Service	Outstanding
Overall	Outstanding

SUMMARY OF MAJOR FACTORS SUPPORTING RATING

Major factors contributing to this rating include the following.

- 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 excellent penetration among retail customers of different income levels and good penetration among business customers of different sizes.
- The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals and very small businesses, consistent with safe and sound banking practices.
- The bank made a relatively high level of community development loans in the assessment area.
- The bank has an excellent level of qualified community development investments and grants.
- The bank is a leader in providing community development services in this assessment area.

SCOPE OF EXAMINATION

The Hagerstown-Martinsburg, MD-WV MSA (Hagerstown MSA) includes Washington County in Maryland and Berkeley and Morgan Counties in West Virginia. For purposes of this CRA evaluation, Susquehanna has designated only Washington County and Berkeley County as its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The Hagerstown MSA is situated in north central Maryland and northeastern West Virginia. According to 2000 Census data, the total population of the bank's portion of the Hagerstown MSA is 207,828. The assessment area consists of 43 census tracts of which one is low-income and nine are moderate-income. The one low-income tract and six moderate-income tracts are located in the city of Hagerstown, MD. Three moderate-income tracts are in Martinsburg, WV. Eighteen percent of the assessment area's population resides within these tracts.

³This rating reflects overall performance within the multi-state metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained within the multi-state metropolitan area.

Susquehanna's performance in the Hagerstown assessment area was evaluated in terms of the demographic and business context in which it operates. The assessment area is a fairly competitive market with a few large regional banking organizations and numerous community banks. Based on deposits reported to the FDIC as of June 30, 2006, Susquehanna operates 14 branches in its Hagerstown assessment area and these branches hold \$621 million in deposits, or 27% of the bank's total deposits. Susquehanna ranks 1st in the assessment area, with 22% of the retail deposit market. Hagerstown Trust Company is ranked 2nd in this market with 14% of deposits.

Regarding HMDA loans, Susquehanna ranks 51st in the assessment area with less than 1% of all such loan originations and purchases. Additionally, Susquehanna Mortgage ranks 66th, originating less than 1% of loans. Wells Fargo Bank ranks 1st, with 7% of loans. Hagerstown Trust Company ranks highest of all local banks at 10th, with 2% of the market. Among small business lenders operating in the assessment area, Susquehanna ranks 5th with 8% of the market. There were 48 lenders reporting 5,868 small business loans in 2005. Susquehanna is ranked highest of all local banks.

ECONOMIC CHARACTERISTICS

The growth of Hagerstown's economy lags behind the national growth rate. The housing market has been slowing in concert with the broader Washington DC metropolitan area market. While the median house price continues to rise, price growth slowed sharply in 2007. The housing slowdown has had a pronounced effect on the broader Hagerstown economy. Housing related employment growth was a key driver for the economy in the past two years; as such, the drop-off in the housing industry's job growth has dampened overall employment growth.

Outside of housing and manufacturing, the Hagerstown economy is holding up well. Healthy population growth and an expanding services base are supporting broader job gains. Assessment area strengths include its proximity to Washington and Baltimore, easy access to major transportation routes, and its position as the retail outlet center for southeastern Pennsylvania and western Maryland. Continued weaknesses include a low educational attainment level and the area's high exposure to manufacturing industries that are sensitive to business cycle fluctuations.

The largest employers in the Hagerstown MSA include Washington County Health Services, Citicorp Credit Services, First Data Corporation, Volvo Powertrain North America and the Staples Distribution Center. Susquehanna's local banking competitors include Hagerstown Trust Company and First United Bank and Trust. Super-regionals M&T Bank and Sovereign Bank are also strong in this market. The following table presents unemployment rates for the assessment area and the state.

Locations	April 2007	April 2006
Washington County, MD	4.3%	4.1%
Berkeley County, WV	4.2%	4.0%
Hagerstown-Martinsburg MSA	4.2%	4.1%
State of West Virginia	4.6%	4.8%
State of Maryland	3.4%	3.6%

Interviews with community leaders and local bankers noted the following credit needs in the assessment area: (1) specialized home mortgage products targeted to low- and moderate-income first-time homebuyers; (2) operating capital for non-profit community groups; and (3) loans and technical support for small businesses.

HOUSING

The bank's Hagerstown assessment area contains 85,885 housing units, of which 63% are owner-occupied, 29% are rental units and 8% are vacant. According to 2000 Census data, in the low-income census tract the level of owner-occupancy is just 13%, while rental units account for 73% of all housing. In moderate-income census tracts, owner-occupancy is 41%, while rental units account for 51% of housing. Single-family units comprise 71% of total housing units, while multi-family units comprise 11% of units, mobile homes 10%, and two-to-four family units 8%.

According to 2000 Census data, the median housing value in the assessment area was \$104,301, significantly lower than the median housing value of \$143,300 for the state of Maryland, but higher than \$66,000 in West Virginia. A significant disparity exists between the median housing value in the assessment area's upper-income census tracts (\$130,228) and in the low- (\$66,552) and moderate-income (\$78,291) census tracts.

Moody's Economy.com estimates that the average existing house price in the Hagerstown MSA in 2006 was \$233,000, up from \$209,000 in 2005. These higher housing costs significantly limit homeownership opportunities for low- and moderate-income families throughout the assessment area, although housing in Hagerstown is still more affordable than in neighboring Washington and Baltimore.

BORROWER INCOME DATA

According to 2000 Census data, the median family income for the Hagerstown MSA was \$47,065, compared to \$61,876 for the state of Maryland and \$36,484 for West Virginia. HUD has reported that the adjusted median family income for the Hagerstown MSA in 2006 is \$57,700.

Of the 55,081 families in the Hagerstown assessment area, 18% are designated as low-income and 19% are moderate-income, according to 2000 Census data. Families living below the poverty level represented 8% of the total families in the assessment area. In the state of Maryland, 6% of families live below the poverty level compared to 14% in West Virginia.

GEOGRAPHIC BUSINESS DATA

The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for business credit within such census tracts. According to business demographics, 6,680 businesses are located in the Hagerstown assessment area. Of these businesses, 4% are located in the low-income census tract and 22% are in the moderate-income tracts. The majority of businesses (55%) are in middle-income tracts and 19% are in upper-income tracts. Business demographic data also revealed that of the 6,680 businesses in the assessment area, 89% are small businesses. A small business is defined as a business with gross annual revenues of \$1 million or less.

The demographics used in rating Susquehanna under the performance tests are detailed in the following table.

Susquehanna Bank Hagerstown-Martinsburg, MD-WV MSA Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.3	437	0.8	148	33.9	9,844	17.9
Moderate-income	9	20.9	8,526	15.5	1,401	16.4	10,233	18.6
Middle-income	24	55.8	35,862	65.1	2,290	6.4	13,224	24.0
Upper-income	8	18.6	10,256	18.6	358	3.5	21,780	39.5
Unknown income	1	2.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	43	100.0	55,081	100.0	4,197	7.6	55,081	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,361	170	0.3	12.5	999	73.4	192	14.1
Moderate-income	16,003	6,543	12.0	40.9	8,124	50.8	1,336	8.3
Middle-income	53,773	37,121	68.0	69.0	12,272	22.8	4,380	8.1
Upper-income	14,748	10,717	19.6	72.7	3,349	22.7	682	4.6
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	85,885	54,551	100.0	63.5	24,744	28.8	6,590	7.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	298	4.5	262	4.4	31	5.2	5	3.6
Moderate-income	1,465	21.9	1,269	21.3	158	26.6	38	27.3
Middle-income	3,669	54.9	3,301	55.5	293	49.3	75	54.0
Upper-income	1,246	18.7	1,114	18.7	111	18.7	21	15.1
Unknown income	2	0.0	1	0.0	1	0.2	0	0.0
Total Assessment Area	6,680	100.0	5,947	100.0	594	100.0	139	100.0
	Percentage of Total Businesses:			89.0		8.9		2.1
	Total Farms By Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	1	0.3	1	0.3	0	0.0	0	0.0
Moderate-income	6	2.0	6	2.0	0	0.0	0	0.0
Middle-income	232	75.6	229	75.3	3	100.0	0	0.0
Upper-income	68	22.1	68	22.4	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	307	100.0	304	100.0	3	100.0	0	0.0
	Percentage of Total Farms:			99.0		1.0		0.0

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, including loans originated in low- and moderate-income census tracts.
- Borrowers' profile, including the distribution of loans to low- and moderate-income borrowers and small businesses.
- Overall responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses.
- Community development lending activities.

Performance under the lending test is high satisfactory in the Hagerstown assessment area.⁴

Geographic Distribution of Loans

Home Mortgage Lending

The geographic distribution of loans was analyzed to determine the dispersion of the bank's loans among different census tracts within the Hagerstown assessment area. The analysis reflected excellent penetration throughout the assessment area, including low- and moderate-income census tracts.

Susquehanna originated 470 home mortgage loans, aggregating \$76.7 million, in the Hagerstown assessment area. The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such tracts. A lower level of owner-occupied units limits lending opportunities in these census tracts. According to 2000 Census data, 0.3% of all owner-occupied housing units are located in low-income census tracts and 12% are in moderate-income census tracts. By comparison, 0.4% of Susquehanna's home mortgage loans were originated in low-income census tracts and 12% were in moderate-income tracts.

Susquehanna's home mortgage lending was compared to all other lenders operating in the Hagerstown assessment area. An analysis of this data showed that while 0.3% of owner-occupied housing units are located in low-income census tracts, 0.3% of all home mortgage loans made in the assessment area were made in low-income tracts. Also, while 12% of housing units are located in moderate-income census tracts, 14% of all home mortgage loans were made in those tracts. This comparison shows that Susquehanna performed below the market in moderate-income census tracts, but its lending was the same as the percentage of owner-occupied units located in these census tracts. There were limited lending opportunities for any banks in the low-income tracts.

⁴The information used to evaluate Susquehanna's lending activity in each of its assessment areas is detailed in the **CRA LOAN DISTRIBUTION TABLES** contained in Appendix B.

Small Business Lending

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the assessment area. The analysis reflects good penetration throughout the assessment area, including low- and moderate-income census tracts.

Susquehanna originated 925 small business loans in the Hagerstown assessment area, aggregating \$132.2 million. A comparison of the number of small business loans originated in each type of census tract to the number of businesses located in those tracts demonstrates the bank's commitment to making credit available to its entire community. The bank's extension of credit to these businesses shows that low-income census tracts received 4% of small business loans, while 4% of businesses are located in these tracts. Moderate-income census tracts received 15% of small business loans, while 22% of businesses are located in these tracts.

Susquehanna's small business lending was compared to all lenders operating in the Hagerstown assessment area. Aggregate data show that 4% of all small business loans were made in the low-income tract and 18% of loans were originated in moderate-income tracts. This comparison shows Susquehanna performed the same as the market and business demographic levels in the low-income census tracts. In moderate-income census tracts, Susquehanna performed below both the market and business demographic levels. This level of lending activity by the bank supports an overall satisfactory performance by Susquehanna, particularly its activity in low-income areas.

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

Home mortgage and small business lending data were analyzed, in conjunction with a review of the demographic and economic characteristics of the assessment area, to determine the level of lending to borrowers of different income levels and to businesses of different sizes. The analysis reflected an excellent dispersion of HMDA loans among borrowers of different income loans and adequate dispersion of small business loans among businesses of different sizes.

Lending to Borrowers of Different Income Levels

Home mortgage lending was analyzed to determine the dispersion of the bank's loans among borrowers of different income levels within the Hagerstown assessment area. The analysis reflected excellent dispersion, including lending to low- and moderate-income borrowers.

Of the 55,081 families in the Hagerstown assessment area, 18% are designated as low-income and 19% are moderate-income. By comparison, 8% of Susquehanna's home mortgage loans were originated to low-income borrowers and 21% to moderate-income borrowers. Susquehanna's home mortgage lending was also compared to all other lenders operating in the Hagerstown assessment area. An analysis of aggregate loan data show that just 4% of all home mortgage loans were made to low-income borrowers and 14% were made to moderate-income borrowers. This comparison shows that Susquehanna performed significantly better than the market with low- and moderate-income borrowers. In addition, the bank's lending to moderate-income borrowers exceeded the percentage of these borrowers in the assessment area.

The distribution of bank loans reflects excellent penetration among retail customers of different income levels, even though the distribution of loans to low-income borrowers does not correspond to the percentage of low-income families in the assessment area. The bank's level of penetration to these borrowers is considered good given the credit needs of the low-income segment of the population can be difficult to address through conventional loan products, presenting a significant obstacle to home ownership. In particular, 29% of renters in the assessment area pay more than 30% of their income for housing, making it difficult to save for a down payment on a house.

Obstacles to home ownership also exist for moderate-income families; however, Susquehanna's distribution of loans to moderate-income borrowers in the assessment area is excellent. The bank's participation in innovative and flexible lending programs that address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank developed a CRA mortgage loan product to provide low- and moderate-income borrowers with the ability to purchase a home. The product allows for flexible underwriting standards and the use of alternative credit histories when no credit scores exist for low- and moderate-income borrowers. During the evaluation period, Susquehanna originated 26 loans under this program, aggregating \$3.7 million.

Also, in partnership with the Hagerstown Housing Authority, the bank participates with other local financial institutions in originating mortgages to low- and moderate-income home buyers in the city of Hagerstown. As of March 31, 2007, the bank held participations in eleven such loans, with an outstanding balance of \$78 thousand.

Susquehanna also partners with the Washington County Community Action Council and U.S. Department of Agriculture Rural Development to provide the *Affordable Homes Program*. The program targets low- and moderate-income first-time homebuyers in Washington County, offering low interest loans, forgivable second mortgages and homeownership counseling. During the examination period, one \$20 thousand mortgage was originated under this program.

Lending to Businesses of Different Sizes

Small business lending data were analyzed to determine the extent of lending to businesses of different sizes, especially small businesses. The analysis reflected an adequate dispersion of commercial loans among small businesses.

Of the 925 small business loans originated during the examination period, 39% were originated to businesses with gross annual revenues of \$1 million or less. By comparison, a review of all lenders in the market shows that 42% of all commercial loans made in the Hagerstown MSA were to businesses with gross annual revenues of \$1 million or less.

In addition, 67% of the bank's small business loans were extended in an amount of \$100 thousand or less. The number of small business loans originated in smaller amounts is significant because smaller size loans are generally commensurate with the borrowing needs of small businesses. Susquehanna's lending activity, therefore, demonstrates that the bank is adequately meeting the credit needs of small businesses.

To enhance its efforts in addressing the credit needs of small businesses in its assessment areas, Susquehanna participates as a SBA lender. As of December 31, 2006, the bank's outstanding SBA loan balance was \$7.1 million.

Community Development Lending

Susquehanna made a relatively high level of community development loans in the Hagerstown assessment area. During the time period evaluated, the bank originated seven community development loans totaling \$940 thousand. Three loans totaling \$565 thousand, support affordable housing initiatives. Four loans aggregating \$375 thousand, support community development service providers in the assessment area.

Responsiveness to Credit Needs

Susquehanna exhibits a good record of serving the credit needs of the most economically disadvantaged areas of the Hagerstown assessment area, including low-income borrowers and very small businesses, consistent with safe and sound banking practices. The bank achieved this record primarily through its community development lending and specialized home mortgage loan programs.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts or individuals. The test also considers the innovativeness and complexity of these 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" includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Performance under the investment test is outstanding in the Hagerstown assessment area. Of Susquehanna's total current investments, 9% are attributed to this assessment area.

Volume of Investment and Grant Activity

A review of investment activity revealed that Susquehanna has an excellent level of qualified community development investments and grants in the Hagerstown assessment area. Overall, investments aggregate \$3.1 million. The substantial majority of these investments (96%) support affordable housing. The remaining 4% support community development services and economic development.

Of the bank's investments, \$3.0 million are targeted mortgage-backed securities containing residential mortgage loans originated to low- and moderate-income borrowers, or inside low- and moderate-income census tracts. Two investments are Maryland Multi-Family Housing Revenue Bonds issued by the State Department of Housing and Community Development.

The bank also made grants and contributions to various organizations that routinely provide affordable housing and community development services that benefit low- and moderate-income individuals and areas. During the period evaluated, the bank made \$134 thousand in qualified grants and donations that benefit the Hagerstown assessment area.

Responsiveness to Credit and Community Development Needs

Susquehanna was responsive to credit and community development needs through the use of investments to support community development initiatives. Qualified investments were tailored to the needs of particular geographic areas. Specifically, a large portion of the bank's investments support affordable housing in an area with rising housing costs and a low per capita income.

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 census tracts or low- and moderate-income persons in the assessment area.
- The reasonableness of business hours and services in meeting assessment area needs.
- The extent to which an institution provides community development services.

Performance under the service test is rated outstanding in the Hagerstown assessment area.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of its assessment area. The bank currently operates 15 branches in the Hagerstown MSA with six of those branches, or 40%, located in low- or moderate-income census tracts. By comparison, 18% of the assessment area population resides in low- and moderate-income tracts. In addition, all of the bank's 15 branches in the assessment area operate ATMs and have late evening hours and weekend hours.

The following table details the locations of the bank's branches and the population served.

Geography	Number of Branches	Percent Branches	Population	Percent Population
Low-income	1	7	2,307	1
Moderate-income	5	33	34,442	17
Middle-income	6	40	127,990	62
Upper-income	3	20	36,151	17
Unknown income	0	0	6,938	3
TOTALS	15	100%	207,828	100%

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

To supplement traditional banking services, Susquehanna offers Internet banking on www.susquehanna.net. By accessing Susquehanna's *Internet Banker*, customers can view account balances, transfer funds between accounts, pay bills and issue stop payments. In addition, customers can bank by phone through a toll-free automated system which allows customers to access account information, open new accounts, renew CDs, apply for loans, or transfer funds. Customer service representatives are available daily, including Saturdays.

Changes in Branch Locations

Susquehanna's record of opening and closing branches in the Hagerstown MSA has not adversely affected the accessibility of its delivery systems in low- and moderate-income census tracts or to low- and moderate-income individuals. Susquehanna has not opened or closed any branches in this assessment area since the last evaluation.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

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

Community Development Services

Susquehanna is a leader in providing community development services in the Hagerstown assessment area. Numerous bank officers and employees participate on loan and finance committees, make presentations for small business development, homeownership seminars, and financial literacy programs, provide credit counseling and technical expertise, and serve in various capacities on boards of countless community development organizations. These organizations include:

- Hagerstown Neighborhood Housing Partnership
- City of Martinsburg Housing Authority
- Maryland Department of Housing and Community Development Neighborhood Partnership Program
- Hagerstown Redevelopment Authority
- Hagerstown-Washington County Economic Development Commission
- Hagerstown-Washington County Chamber of Commerce
- Hagerstown Neighborhood Development Corporation
- Leadership Berkley Committee
- The Greater Hagerstown Committee
- Boonesboro Downtown Development
- Boonesboro Economic Development Commission
- Family and Children's Services of Central Maryland

Bank Products

Susquehanna offers bank products that provide greater access to banking services for low- and moderate-income customers and small businesses. These products include:

- A free checking account that offers unlimited check writing, no minimum daily balance requirement and no monthly service fee. *Internet Banker* and telephone banking are free of charge with this account. The account provides greater access to banking services for low- and moderate-income consumers.
- A business checking account with no monthly service fees or minimum balance requirements for businesses that generate 150 or fewer checks or deposited items per month. *Internet Banker for Business* with bill payment is offered free with this account. The account provides greater access to banking services for small businesses.

STATE OF MARYLAND

MARYLAND CRA RATING⁵

Performance Test	Performance Level
Lending	High Satisfactory
Investment	Outstanding
Service	Outstanding
Overall	Outstanding

SUMMARY OF MAJOR FACTORS SUPPORTING RATING

Major factors contributing to the rating include:

- The geographic distribution of loans reflects good penetration throughout the State of Maryland.
- The distribution of borrowers, given the product lines offered by the bank, reflects excellent penetration among retail customers of different income levels and good penetration of business customers of different sizes.
- The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The bank has made an excellent level of community development loans in the State of Maryland.
- The bank has an excellent level of qualified community development investments and grants.
- The bank is a leader in providing community development services.

SCOPE OF EXAMINATION

For purposes of this CRA evaluation, the state rating for Maryland is comprised of the evaluation of Susquehanna's performance in the Baltimore-Towson MSA and Garrett County. A substantial majority of the bank's lending and operations in Maryland are in these two assessment areas. Accordingly, a full review of the bank's performance in the two assessment areas was performed. Limited reviews of the bank's CRA performance were conducted for the Cumberland MSA and Worcester County assessment areas due to the bank's limited operations in these markets. The bank's performance in these assessment areas did not affect the bank's overall rating in the state.

Susquehanna's CRA performance in Maryland was evaluated for the period from July 1, 2005 through June 11, 2007.

⁵The statewide evaluation is adjusted for institutions with branches in two or more states in a multi-state metropolitan area and does not reflect performance in the parts of those states contained within the multi-state metropolitan area.

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. For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data, using the 2004 OMB metropolitan area designations.

BALTIMORE-TOWSON, MD METROPOLITAN STATISTICAL AREA

DESCRIPTION OF ASSESSMENT AREA

The Baltimore-Towson MSA (Baltimore MSA) consists of Baltimore City and the counties of Anne Arundel, Carroll, Harford, Howard, Queen Anne and Baltimore. According to 2000 Census data, the total population of the Baltimore MSA is 2.6 million, which is 48% of the total state population. The assessment area consists of 625 census tracts, of which 79 are low-income and 137 are moderate-income. Of the total 216 low- and moderate-income census tracts, 160 tracts (74%) are in the city of Baltimore. Twenty nine percent of the MSA population resides within these low- and moderate-income tracts.

Susquehanna's performance in the Baltimore MSA was evaluated in terms of the demographic and business context in which it operates. The assessment area is a highly competitive market with many large regional banking organizations, mortgage companies, and community banks. Based on deposits reported to the FDIC as of June 30, 2006, Susquehanna operated 20 branches in the Baltimore MSA and these branches contain \$943 million in deposits, or 41% of the bank's total deposits. The bank ranks 8th in the assessment area, with 2% of the retail deposit market. Bank of America N.A., maintains significant market share with 24% of deposits in the MSA.

Regarding reported HMDA loans, Susquehanna ranks 187th in the assessment area with less than 1% of all such loan originations and purchases. Countrywide Homes ranks 1st, with 7% of HMDA loans. Regarding small business lenders, Susquehanna ranked 17th among lenders operating in the assessment area with less than 1% of the market. Competition is strong for small business loans, with 133 lenders reporting 66,678 small business loans in 2005. A large percentage of these loans were originated by specialized lenders and include business credit cards.

ECONOMIC CHARACTERISTICS

The Baltimore MSA is located in eastern Maryland and includes the city of Baltimore. The MSA is a portion of the larger Baltimore-Washington CSA. The economic activity of Baltimore has slowed recently. This is primarily due to the slowing of the local housing market. Leading industries in the area include Federal, State, and local government, along with health and educational services. These industries account for nearly half of the area's employed labor force.

The largest employers include Ft. George G. Meade (military and civilian), Johns Hopkins University, Johns Hopkins Health System, and the National Security Agency. Although Baltimore has a diverse industrial mix, many residents still travel outside of the area to work in such places as Washington, DC; York, PA; Bethesda, MD; and Wilmington, DE. The large commuting workforce has caused an overall net migration loss for the area.

Area weaknesses include weak population growth, above-average living and business costs, and a decline in old-line manufacturing. Despite these facts, Baltimore still benefits from a large concentration of defense and life science facilities, strong transportation and distribution industries, and its proximity to the core of federal government operations in Washington, DC.

The following table presents unemployment rates for the assessment area and the state.

Locations	April 2007	April 2006
Anne Arundel County	2.9%	3.1%
Baltimore County	3.5%	3.8%
Carroll County	2.8%	2.9%
Harford County	2.4%	2.7%
Howard County	3.2%	3.5%
Baltimore City	5.8%	6.1%
Baltimore-Towson MSA	3.6%	3.9%
State of Maryland	3.4%	3.6%

Discussions with community contacts located in Baltimore indicated that local financial institutions are actively involved in the area. Credit needs in the assessment area include: (1) home mortgage products, including home improvement loans, targeted to low- and moderate-income neighborhoods and borrowers and (2) loans and technical support for small businesses.

HOUSING

The Baltimore MSA contains 1,048,046 housing units, of which 62% are owner-occupied and 31% are rental units. According to 2000 Census data, in low-income census tracts the level of owner-occupancy is just 28%, while rental units account for 51% of all housing. In moderate-income census tracts, owner-occupancy is 47% and rental units account for 44% of housing.

Single-family units comprise 73% of total housing units, while multi-family units comprise 19% of units, two-to-four family units comprise 7%, and mobile homes 1%. The median housing value in the assessment area is \$132,384, which is lower than the state median housing value of \$143,300. A significant disparity exists between the median housing value in the assessment area's upper-income census tracts (\$194,140) and in the low- (\$48,576), moderate- (\$75,137) and middle-income (\$124,948) census tracts. Moody's Economy.com, Inc., estimates that the average existing home price in the Baltimore MSA in 2006 was \$275,000, up from \$261,000 in 2005. Although the metropolitan area suffers from a severe excess inventory of homes, high housing costs significantly limit homeownership opportunities for low- and moderate-income families throughout the assessment area.

BORROWER INCOME DATA

According to 2000 Census data, the median family income for the assessment area is \$59,301, compared to \$61,876 for the state of Maryland. HUD has reported that the adjusted median family income for the Baltimore MSA in 2006 was \$72,800.

Of the 658,188 families in the Baltimore MSA, 20% were designated as low-income and 18% were designated as moderate-income, according to 2000 Census data. Families living below the poverty

level represented 7% of the total families in the assessment area. In the state of Maryland, 6% of families live below the poverty level.

GEOGRAPHIC BUSINESS DATA

The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for business credit within such census tracts. According to business demographics, 90,066 businesses are located in the Baltimore MSA. According to 2000 Census data, 5% of these businesses are located in low-income census tracts and 15% are in moderate-income tracts. The majority of businesses remain in middle- (43%) and upper-income (37%) tracts. Business demographic data also revealed that of the total businesses in the MSA, 88% are small businesses. A small business is defined as a business with gross annual revenues of \$1 million or less.

The demographics used in rating Susquehanna under the performance tests are detailed in the table on the following page.

<p>Susquehanna Bank Assessment Area Demographics Baltimore-Towson MSA</p>
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Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	79	12.6	51,819	7.9	17,114	33.0	134,303	20.4
Moderate-income	137	21.9	125,145	19.0	15,047	12.0	116,495	17.7
Middle-income	247	39.5	265,458	40.3	10,820	4.1	147,771	22.5
Upper-income	157	25.1	215,766	32.8	4,062	1.9	259,619	39.4
Unknown income	5	0.8	0	0.0	0	0.0	0	0.0
Total Assessment Area	625	100.0	658,188	100.0	47,043	7.1	658,188	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	105,275	29,684	4.6	28.2	54,073	51.4	21,518	20.4
Moderate-income	225,383	104,856	16.1	46.5	99,529	44.2	20,998	9.3
Middle-income	419,865	279,132	42.8	66.5	119,490	28.5	21,243	5.1
Upper-income	297,512	238,019	36.5	80.0	49,277	16.6	10,216	3.4
Unknown income	11	0	0.0	0.0	11	100.0	0	0.0
Total Assessment Area	1,048,046	651,691	100.0	62.2	322,380	30.8	73,975	7.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	4,735	5.3	4,160	5.3	467	4.9	108	6.1
Moderate-income	13,345	14.8	11,437	14.5	1,604	17.0	304	17.0
Middle-income	38,686	43.0	33,643	42.7	4,279	45.3	764	42.8
Upper-income	33,276	36.9	29,580	37.5	3,089	32.7	607	34.0
Unknown income	24	0.0	15	0.0	8	0.1	1	0.1
Total Assessment Area	90,066	100.0	78,835	100.0	9,447	100.0	1,784	100.0
	Percentage of Total Businesses:			87.5		10.5		2.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	2	0.2	2	0.2	0	0.0	0	0.0
Moderate-income	41	4.2	39	4.1	1	3.3	1	25.0
Middle-income	527	54.1	513	54.5	12	40.0	2	50.0
Upper-income	405	41.5	387	41.1	17	56.7	1	25.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	975	100.0	941	100.0	30	100.0	4	100.0
	Percentage of Total Farms:			96.5		3.1		0.4

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, including loans originated in low- and moderate-income census tracts.
- Borrowers' profile, including the distribution of loans to low- and moderate-income borrowers and small businesses.
- Overall responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses.
- Community development lending activities.

Performance under the lending test is high satisfactory in the Baltimore MSA.

Geographic Distribution of Loans

Home Mortgage Lending

The geographic distribution of loans was analyzed to determine the dispersion of the bank's loans among different census tracts within the Baltimore MSA. The analysis reflected excellent penetration throughout the assessment area, including low- and moderate-income census tracts.

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such tracts. A lower level of owner-occupied units limits lending opportunities in these census tracts. According to 2000 Census data, 5% of all owner-occupied housing units are located in low-income tracts and 16% are in moderate-income tracts. By comparison, 5% of Susquehanna's home mortgage loans were originated in low-income tracts and 19% in moderate-income tracts.

Susquehanna's home mortgage lending was compared to all other lenders operating in the Baltimore MSA. An analysis of this data showed that 4% of all home mortgage loans were made in low-income census tracts and 16% were made in moderate-income tracts. This comparison shows the bank's lending in low- and moderate-income census tracts is higher than both the aggregate and owner-occupied housing levels and is considered excellent and supportive of the credit needs of low- and moderate-income areas of the community.

Small Business Lending

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the assessment area. The analysis reflects good penetration throughout the assessment area, including low- and moderate-income census tracts.

Susquehanna originated 817 small business loans in the Baltimore MSA, aggregating \$156 million. A comparison of the number of small business loans originated in each type of census tract to the number of businesses located in those tracts demonstrates the bank's commitment to making credit available to its entire community. The bank's extension of credit to these businesses shows that low-income census tracts received 2% of small business loans, while 5% of businesses are located in these census tracts. Moderate-income census tracts received 13% of small business loans, while 15% of businesses are located in these tracts.

Susquehanna's small business lending was compared to all other lenders operating in the Baltimore MSA. An analysis of this data showed that 3% of all small business loans were made in low-income census tracts and 11% were in moderate-income tracts. This comparison shows there were limited lending opportunities for any bank operating in the low-income tracts. In the moderate-income tracts, Susquehanna performed better than the aggregate, but slightly below the level of businesses operating in these tracts.

This level of lending activity by the bank is considered good given the demographics of the assessment area, particularly the limited lending opportunities in low-income census tracts, and Susquehanna's consistent performance in moderate-income census tracts where lending is similar to both aggregate lending and business demographic levels.

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

Home mortgage and small business lending data were analyzed, in conjunction with a review of the demographic and economic characteristics of the assessment area, to determine the level of lending to borrowers of different income levels and to businesses of different sizes.

Lending to Borrowers of Different Income Levels

Of the 658,188 families in the Baltimore MSA, 20% are designated as low-income and 18% are moderate-income. By comparison, 9% of Susquehanna's home mortgage loans were originated to low-income borrowers and 19% were to moderate-income borrowers. An analysis of all lenders operating in the Baltimore MSA, using 2005 aggregate loan data, shows that 7% of all home mortgage loans were made to low-income borrowers and 18% were to moderate-income borrowers. This comparison shows that Susquehanna performed better than the market with low- and moderate-income borrowers. In addition, the bank's lending to moderate-income borrowers exceeded the percentage of these borrowers in the assessment area.

The distribution of bank loans reflects excellent penetration among retail customers of different income levels, even though the distribution of loans to low-income borrowers does not correspond to the percentage of low-income families in the assessment area. The bank's level of penetration to these borrowers is considered good given the credit needs of the low-income segment of the population can be difficult to address through conventional loan products, presenting a significant obstacle to home ownership. In particular, 35% of renters in the assessment area pay more than 30% of their income for housing, making it difficult to save for a down payment on a house.

Obstacles to home ownership also exist for moderate-income families; however, Susquehanna's distribution of loans to moderate-income borrowers in the assessment area is excellent.

The bank's participation in innovative and flexible lending programs that address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank offers a CRA mortgage loan product to provide these borrowers with the ability to purchase a home. The product allows for flexible underwriting standards and the use of alternative credit histories when no credit scores exist for low- and moderate-income borrowers. During the evaluation period, Susquehanna originated 26 loans under this program, aggregating \$3.7 million.

The bank also originated a \$500 thousand line of credit to Healthy Neighborhoods, Inc., a non-profit affordable housing group. Healthy Neighborhoods operates a loan program that supports the acquisition or rehabilitation of owner-occupied homes on targeted blocks in ten low- and moderate-income neighborhoods in Baltimore. The loan program offers flexible terms, including discounted interest rates and high loan-to-value levels. The Healthy Neighborhoods loan program offers home purchase, home-improvement and refinance loans to borrowers. During the examination period, eight loans totaling \$182 thousand, were originated under this program.

Lending to Businesses of Different Sizes

Small business lending data were analyzed to determine the level of lending to businesses of different sizes, especially small businesses. Of the 817 small business loans originated by the bank during the examination period, 51% were extended in an amount of \$100 thousand or less. The number of small business loans originated in smaller amounts is significant because smaller size loans are generally commensurate with the borrowing needs of small businesses. Susquehanna's lending activity, therefore, demonstrates that the bank is meeting the credit needs of small businesses.

The bank's small business lending is further quantified to determine whether loans were made to businesses with gross annual revenues of \$1 million or less. Of the 817 loans originated, 55% were originated to businesses with gross annual revenues of \$1 million or less. By comparison, a review of all lenders in the market shows that 43% of all commercial loans made in the Baltimore MSA were to businesses with gross annual revenues of \$1 million or less.

To enhance its efforts in addressing the credit needs of small businesses in its assessment areas, Susquehanna participates as a SBA lender. As of December 31, 2006, the bank's outstanding SBA loan balance was \$7.1 million.

In addition, Susquehanna is a stockholder in the Carroll County Development Corporation (CCDC), a non-profit community financial development corporation dedicated to improving the economic conditions in Carroll County. The CCDC provides start-up or growth financing to small businesses not served by mainstream lenders. The bank committed \$25 thousand to the CCDC to provide ongoing loan financing. As of March 31, 2007, loans under this program aggregated \$338 thousand.

Community Development Lending

Susquehanna is a leader in making community development loans in the Baltimore assessment area. During the time period evaluated, the bank originated 20 community development loans totaling \$35.6 million. Eight loans totaling \$25.4 million, support economic development. Eight loans aggregating \$9 million, support affordable housing initiatives, and four loans totaling \$1.2 million, support community development services in the assessment area.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts or individuals. The test also considers the innovativeness and complexity of these 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" includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Performance under the investment test is outstanding in the Baltimore assessment area. Of Susquehanna's total current investments, 82% were attributed to this assessment area.

Volume of Investment and Grant Activity

A review of investment activity revealed that Susquehanna has an excellent level of qualified community development investments and grants in the Baltimore assessment area. Overall, investments aggregate \$27.7 million. The substantial majority of these investments (99%) support affordable housing. The remaining 1% support community development services and economic development.

Of the bank's total investments, \$27.6 million supports affordable housing in the form of targeted mortgage-backed securities containing residential mortgage loans originated to low- and moderate-income borrowers or inside low- and moderate-income census tracts, and Maryland Multi-Family Housing Revenue Bonds issued by the State Department of Housing and Community Development.

The bank also made grants and contributions to various organizations that routinely provide affordable housing and community development services that benefit low- and moderate-income individuals and census tracts. During the period evaluated, the bank made \$63 thousand in qualified grants and donations that benefit the Baltimore assessment area.

Responsiveness to Credit and Community Development Needs

Susquehanna was responsive to credit and community development needs through the use of investments to support community development initiatives. Qualified investments are tailored to the needs of particular geographic areas. Specifically, the bank's investments almost exclusively support affordable housing in an area with high housing costs and a large number of low- and moderate-income residents.

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 census tracts or low- and moderate-income persons in the assessment area.
- The reasonableness of business hours and services in meeting assessment area needs.
- The extent to which an institution provides community development services.

Performance under the service test is rated outstanding in the Baltimore MSA.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of its assessment area. The bank currently operates 20 branches in the Baltimore MSA. Although none are located in low-income census tracts, three are located in moderate-income areas. By comparison, 9% and 20% of the assessment area population resides in low- and moderate-income census tracts, respectively. All of the bank's branches in this assessment area operate ATMs.

The following table details the locations of the bank's branches and the population served.

Census Tract	Number of Branches	Percent Branches	Population	Percent Population
Low-income	0	0	227,828	9
Moderate-income	3	15	510,961	20
Middle-income	13	65	1,024,552	40
Upper-income	4	20	779,416	30
Unknown income	0	0	10,237	1
TOTALS	20	100%	2,552,994	100%

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

To supplement traditional banking services, Susquehanna offers Internet banking on www.susquehanna.net. By accessing Susquehanna's *Internet Banker*, customers can view account balances, transfer funds between accounts, pay bills and issue stop payments. In addition, customers can bank by phone through a toll-free automated system which allows customers to access account information, open new accounts, renew CDs, apply for loans, or transfer funds. Customer service representatives are available daily, including Saturdays.

Changes in Branch Locations

Susquehanna's record of opening and closing branches in the Baltimore MSA has not adversely affected the accessibility of its delivery systems in low- and moderate-income census tracts or to low- and moderate-income individuals. During the examination period, Susquehanna opened two branches in Baltimore County.

One branch is located in a middle-income census tract in Hunt Valley and one in an upper-income census tract in Owings Mills. The bank also closed its branch at 100 West Road, Baltimore, which

was in a middle-income census tract. During the same time period, the branch located at 1101 Reisterstown Road, Baltimore (a middle-income census tract) was relocated to 1525 Town Center Place in Pikesville, MD (also a middle-income census tract).

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

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

Community Development Services

Susquehanna is a leader in providing community development services in the Baltimore MSA. Numerous bank officers and employees participate on loan and finance committees, make presentations for small business development, homeownership seminars, and financial literacy programs, provide credit counseling and technical expertise, and serve in various capacities on boards of numerous community development organizations. These organizations include:

- The Greater Baltimore Committee
- Baltimore Community Development Finance Corporation
- Greater Towson Committee
- Southwest Community Development Corporation
- Family and Children's Services
- ARC of Baltimore
- Operation HOPE
- Literacy Works, Inc.
- Carroll County Development Council
- Carroll County Human Services Programs
- Belair Edison Neighborhoods, Inc.
- Harbel Housing Partnership
- Ann Arundel County Habitat for Humanity
- Habitat for Humanity of Carroll County
- Maryland Department of Housing and Community Development - Neighborhood Partnership Program
- Light Street Housing
- Neighborhood Housing Services of Baltimore
- Open Doors
- St. Ambrose Housing Aid Center

Bank Products

Susquehanna offers bank products that provide greater access to banking services for low- and moderate-income customers and small businesses. These products include:

- A free checking account that offers unlimited check writing, no minimum daily balance requirement and no monthly service fee. *Internet Banker* and telephone banking are free of charge with this account. The account provides greater access to banking services for low- and moderate-income consumers.
- A business checking account with no monthly service fees or minimum balance requirements for businesses that generate 150 or fewer checks or deposited items per month. *Internet Banker for Business* with bill payment is offered free with this account. The account provides greater access to banking services for small businesses.

GARRETT COUNTY, MARYLAND

DESCRIPTION OF ASSESSMENT AREA

Situated in western Maryland, Garrett County shares a border with Pennsylvania to its north and West Virginia to its south and west. The county has just seven census tracts, five of which are designated as moderate-income and two are rural, middle-income tracts designated as underserved. For purposes of CRA, a middle-income census tract designated as underserved constitutes a rural area with a population so small, thin and distant from a population center that it will have difficulty financing essential community needs.

Susquehanna's performance in Garrett County is evaluated in terms of the demographic and business context in which the bank operates. According to the FDIC's Summary of Deposits, as of June 30, 2006, there are five depository institutions operating in Garrett County. These institutions maintain a total of 14 branches holding \$650 million in deposits. Susquehanna, with two branches in the assessment area, ranks 3rd, with \$60 million (9%) of the retail deposit market. First United Bank and Trust, headquartered in Garrett County, dominates the market, ranking 1st with 70% of the deposit market.

Susquehanna's home mortgage loans were compared to the aggregate of all lenders in Garrett County reporting real estate loans pursuant to HMDA. According to 2005 data, Susquehanna is the 8th largest HMDA loan reporter in the county with 3% of all such loan originations and purchases. Susquehanna Mortgage Corp ranks 14th in the market with less than 1% of loans. First United Bank and Trust ranks 1st, with 10% of the market. There were a total of 246 HMDA reporters in Garrett County in 2005. Among small business lenders, Susquehanna ranks 4th in Garrett County, with 10% of the market. First United Bank and Trust ranks 1st holding 16% of the market. There were a total of 27 small business reporters in Garrett County in 2005.

ECONOMIC CHARACTERISTICS

Garrett County is located in a rural area in the westernmost part of Maryland. Situated in the Appalachian Mountains, tourism is the county's mainstay; the state of Maryland operates several large state parks and is the largest landowner in Garrett County. Due to the area's cool climate and lack of an urban center, the county has remained rural and sparsely populated. According to the 2000 Census, the county population is 29,846. The county seat is Oakland.

There are three State Enterprise Zones in Garrett County. In these designated Zones, Maryland state tax credits are available to employers who hire for newly created full-time jobs. The county is also one of seven counties participating in the "One Maryland Program", which offers tax credits for capital investments that create jobs. In addition, the county is a HUB Zone (Historically Underutilized Business Zone) as designated by the U.S. Small Business Administration.

The largest employers in Garrett County include Walmart, Garrett County Memorial Hospital and the Garrett County Board of Education. Banking in the assessment area is moderately competitive. A local community bank, First United Bank and Trust, is strong competition for Susquehanna. In addition, super-regional M&T Bank has a presence in the market.

The unemployment rates for the county and the state are presented in the following table

Locations	April 2007	April 2006
Garrett County	4.6%	4.9%
Maryland	3.4%	3.6%

When asked about credit needs in the assessment area, community leaders identified the following: (1) loans to small businesses, especially micro-businesses; (2) affordable mortgage products for first-time homebuyers; and (3) small dollar home improvement loans.

HOUSING

Garrett County contains 16,761 housing units, 53% of which are owner-occupied, 15% are rental units and 32% are vacant. In the moderate-income census tracts, the owner-occupancy rate is 64%, while rental housing accounts for 20% of all housing and 16% are vacant. In middle-income tracts, the owner-occupancy rate is just 35%, 6% of units are rental housing and 58% of units are vacant. The overall owner-occupancy rate in the state of Maryland is 62%. The overall vacancy rate in the state is 8%.

While the level of vacant housing in the county appears high at 32%, it is not significantly higher than the 28% vacancy rate for all non-metropolitan areas in the state (non-metro MD)⁶. A study by the Maryland Department of Planning, based on 2000 Census data, points out that the housing vacancy rate is a function of the strength of the local economy as well as the local housing market and whether an area is a major recreation destination.

⁶ For comparison purposes, the demographic analysis compares the median of all census tracts located in non-metropolitan areas in Maryland (non-metro MD) to the median of all census tracts in this assessment area.

The study suggests that the high vacancy rates in certain counties, including Garrett County, decrease after subtracting units classified as “for seasonal, recreational, or occasional use.”

In Garrett County, single-family units comprise 79% of the housing units, while mobile homes comprise 12%, multi-family units 5%, and two-to-four family units 4%. The median age of the housing stock is 26 years, similar to non-metro/MD at 24%, but below the median age of 29 years for the state. Median rent in the assessment area is \$382, with 29% of renters paying more than 30% of their income for housing.

Median rent in non-metro MD is higher at \$555, with 30% of renters paying more than 30% of income for housing. In the state, median rent is \$689, with 34% of renters paying more than 30% of income for housing.

The median housing value in the assessment area is \$84,494. Some disparity exists between the median housing values in moderate-income (\$70,202) and middle-income (\$110,687) census tracts. Of the total owner-occupied housing units in the assessment area, 65% are valued at less than \$100 thousand, compared to 38% in non-metro MD and 26% statewide. According to city-data.com, in 2005 the estimated median cost of a house in Garrett County was \$169,000, compared to \$280,000 in the state.

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. An analysis of owner-occupied housing units, compared to the number of total available housing units for each geographic designation, shows that 76% of owner-occupied housing units are located in the county’s moderate-income census tracts and 24% are in middle-income tracts.

BORROWER INCOME DATA

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes are classified based upon annually adjusted median family income data made available by HUD. According to 2000 Census data, the median family income for Garrett County is \$37,811, compared to \$50,103 for non-metro MD, and \$61,876 for the state. Of the total families in Garrett County, 29% are designated as low-income and 24% are moderate-income. Families living below the poverty level represented 10% of the total families in the county, compared to 7% in non-metro MD and 6% of families in the state.

GEOGRAPHIC BUSINESS DATA

The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for small business credit within such tracts. Dun and Bradstreet’s 2006 business data shows that, in Garrett County, 75% of businesses are located in moderate-income census tracts and 25% are in middle-incomes tracts.

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

Susquehanna Bank Garrett County, Maryland Assessment Area Demographics								
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	2,450	29.1
Moderate-income	5	71.4	6,448	76.7	737	11.4	2,009	23.9
Middle-income	2	28.6	1,960	23.3	89	4.5	1,963	23.3
Upper-income	0	0.0	0	0.0	0	0.0	1,986	23.6
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	7	100.0	8,408	100.0	826	9.8	8,408	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	10,580	6,768	75.7	64.0	2,133	20.2	1,679	15.9
Middle-income	6,181	2,177	24.3	35.2	398	6.4	3,606	58.3
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	16,761	8,945	100.0	53.4	2,531	15.1	5,285	31.5
	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	995	75.3	872	74.9	91	76.5	32	82.1
Middle-income	327	24.7	292	25.1	28	23.5	7	17.9
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,322	100.0	1,164	100.0	119	100.0	39	100.0
Percentage of Total Businesses:			88.0		9.0		3.0	
	Total Farms by Tract	Farms 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	98	87.5	98	88.3	0	0.0	0	0.0
Middle-income	14	12.5	13	11.7	1	100.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	112	100.0	111	100.0	1	100.0	0	0.0
Percentage of Total Farms:			99.1		0.9		0.0	

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, including loans originated in low- and moderate-income census tracts.
- Borrowers' profile, including 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.
- Community development lending activities.

Performance under the lending test is rated satisfactory in the Garrett County assessment area.

Geographic Distribution of Loans

The geographic distribution of loans was analyzed to determine the dispersion of loans among different census tracts within the assessment area. The analysis reflects good penetration throughout the assessment area, including the moderate-income census tracts.

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in these tracts.

While 76% of all owner-occupied housing units are located in moderate-income census tracts, 64% of Susquehanna's home mortgage loans were originated in moderate-income tracts. The bank's home mortgage lending was compared to all lenders operating in Garrett County. Based on 2005 aggregate data, 52% of all home mortgage loans made in the county were made in moderate-income census tracts. This comparison shows that Susquehanna performed better than the market in moderate-income census tracts but below the percentage of owner-occupied units located in these census tracts.

The distribution of the bank's loans reflects good penetration, even though loans originated in moderate-income census tracts do not correspond to the percentage owner-occupied housing units in these tracts. There are several obstacles to lending created by assessment area demographics. Primarily, Garrett County's stagnant population growth impacts the demand for housing credit in the area. According to the Census Bureau, the county's population grew just .04% from 2000 to 2006. The population is also aging as 16% of residents are age 65 years or older. Many of these senior citizens already own homes, or live in senior citizen housing complexes and do not purchase homes. Susquehanna's HMDA data revealed that 57% of its loans in Garrett County were home-improvement loans or refinancings of loans, evidence that the bank is meeting an identified credit need in the assessment area.

Small Business Lending

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the assessment area. A comparison of the number of small business loans originated in each type of census tract to the number of businesses located in those tracts demonstrates the bank's commitment to making credit available to its entire community.

Susquehanna's extension of credit to these businesses shows that moderate-income census tracts received 74% of small business loans, while 75% of businesses are located in these tracts. Middle-income census tracts received 26% of small business loans, while 25% of businesses are located in those tracts.

The bank's small business lending was compared to all lenders operating in Garrett County. Aggregate data show that 67% of all small business loans were made in moderate-income tracts. Susquehanna's lending performance is considered excellent when compared to both the geographic distribution of businesses in the assessment area and aggregate lending levels.

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

HMDA and small business lending data were analyzed, 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.

Lending to Borrowers 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 8,408 families in the assessment area, 29% are designated as low-income and 24% are moderate-income. By comparison, 9% of the bank's home mortgage loans were to low-income borrowers and 15% were to moderate-income borrowers.

Susquehanna's home mortgage lending was compared to all lenders operating in Garrett County. Aggregate data shows that just 8% of all home mortgage loans made in the county were to low-income borrowers and 13% were to moderate-income borrowers. This comparison shows that although Susquehanna's lending to low- and moderate-income borrowers was well below the percentage of these borrowers in the assessment area, the bank performed better than the market with these borrowers.

The distribution of the bank's loans reflects adequate penetration among retail customers of different income levels. As discussed previously, there are obstacles to lending created by assessment area demographics. Primarily, Garrett County's stagnant growth and aging population impact the demand for housing credit in the area. To address this identified need, the bank continues to make home-improvement loans and refinancings of loans in the assessment area.

Additionally, the credit needs of the low- and moderate-income segment of the population can be difficult to address through conventional loan products, presenting another significant obstacle to home ownership. In general, this segment of the population is less likely to qualify for a home mortgage loan.

In an effort to address the credit needs of low- and moderate-income borrowers, Susquehanna offers its own CRA mortgage loan product to provide low- and moderate-income borrowers with the ability to purchase a home. The product allows for flexible underwriting standards and the use of alternative credit histories when no credit scores exist, and the bank restricts the loans to low- and moderate-income borrowers. During the evaluation period, Susquehanna originated 26 loans under this program, aggregating \$3.7 million.

Lending to Businesses of Different Sizes

Small business lending data were analyzed to determine the level of lending to businesses of different sizes, especially small businesses. Susquehanna's distribution of loans reflects excellent penetration among business customers of different sizes.

The bank's small business lending was analyzed to determine whether loans were made to small businesses. A small business is defined as a business with gross annual revenues of \$1 million or less. The analysis revealed that, of the 263 loans originated by the bank during the evaluation period, 172 (or 65%) were originated to small businesses. By comparison, a review of all lenders in the market shows that 45% of all small business loans were to small businesses.

In addition, of the 263 small business loans, 214 loans (or 81%) 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. The bank's lending activity demonstrates that it is meeting the credit needs of smaller businesses.

To enhance its efforts in addressing the credit needs of small businesses in its assessment areas, Susquehanna participates as a SBA lender. As of December 31, 2006, the bank's outstanding SBA loan balance was \$7.1 million.

Community Development Lending

Susquehanna originated no community development loans in Garrett County during the period evaluated.

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 that 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 that has as its primary purpose community development

Performance under the investment test is rated outstanding in Garrett County. Of Susquehanna's total current investments, 3% were attributed to this assessment area.

Volume of Investment and Grant Activity

A review of investment activity revealed that Susquehanna has an excellent level of qualified community development investments and grants in Garrett County. Overall, investments aggregate \$984 thousand. The substantial majority of these investments (99%) support affordable housing. The remaining 1% support community development services in the county.

The bank's investments include three investments, totaling \$982 thousand, which support affordable housing in the assessment area. Three of the investments are targeted mortgage-backed securities containing residential mortgage loans originated to low- and moderate-income borrowers, or inside low- and moderate-income census tracts. Two investments are Maryland Multi-Family Housing Revenue Bonds issued by the State Department of Housing and Community Development.

The bank also made grants and contributions to various organizations that routinely provide affordable housing and community development services that benefit low- and moderate-income individuals and census tracts. During the period evaluated, the bank made \$2 thousand in qualified grants and donations that benefit the Garrett County assessment area.

Responsiveness to Credit and Community Development Needs

Susquehanna was responsive to credit and community development needs through the use of investments to support community development initiatives. Qualified investments are tailored to the needs of particular geographic areas. Specifically, the bank's investments support affordable housing in an area that is both rural and underserved.

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 census tracts or low- and moderate-income persons in the assessment area.
- The reasonableness of business hours and services in meeting assessment area needs.
- The extent to which an institution provides community development services.

Susquehanna's performance under the service test is rated high satisfactory in Garrett County.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the assessment area, including moderate-income census tracts. Susquehanna operates two branches in Garrett County, of which one is located in a moderate-income area. By comparison, 78% of the assessment area population resides in moderate-income areas.

The second branch is located in a middle-income census tract that is designated as underserved. Both branches in the assessment area have late evening and weekend hours.

The following table details the locations of the bank's branches and the population served.

Census Tract	Number of Branches	Percent Branches	Population	Percent Population
Low-income	0	0	0	0
Moderate-income	1	50	23,316	78
Middle-income	1	50	6,530	22
Upper-income	0	0	0	0
TOTALS	2	100%	29,846	100%

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

To supplement traditional banking services, Susquehanna offers Internet banking on www.susquehanna.net. By accessing Susquehanna's *Internet Banker*, customers can view account balances, transfer funds between accounts, pay bills and issue stop payments. In addition, customers can bank by phone through a toll-free automated system which allows customers to access account information, open new accounts, renew CDs, apply for loans, or transfer funds. Customer service representatives are available daily, including Saturdays.

Changes in Branch Locations

Susquehanna's record of opening and closing branches in the Garrett County assessment area has not adversely affected the accessibility of its delivery systems. The bank has not opened or closed any branches in this assessment area since the last evaluation.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

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

Community Development Services

Susquehanna provides a relatively high level of community development services in Garrett County. Several bank officers and employees made presentations for small business development and financial literacy programs, provide technical expertise, and serve in various capacities on boards and committees of local government and community development organizations, including:

- Garrett County Community Development Corporation
- Garrett County Community Action
- The County Council for Western Maryland

- Maryland Department of Housing and Community Development Neighborhood Partnership Program

Bank Products

Susquehanna offers bank products that provide greater access to banking services for low- and moderate-income customers and small businesses. These products include:

- A free checking account that offers unlimited check writing, no minimum daily balance requirement and no monthly service fee. *Internet Banker* and telephone banking are free of charge with this account. The account provides greater access to banking services for low- and moderate-income consumers.
- A business checking account with no monthly service fees or minimum balance requirements for businesses that generate 150 or fewer checks or deposited items per month. *Internet Banker for Business* with bill payment is offered free with this account. The account provides greater access to banking services for small businesses.

STATE OF PENNSYLVANIA

PENNSYLVANIA CRA RATING

Performance Test	Performance Level
Lending	High Satisfactory
Investment	Outstanding
Service	Outstanding
Overall	Outstanding

SUMMARY OF MAJOR FACTORS SUPPORTING RATING

Major factors contributing to the rating include the following.

- 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 excellent penetration among retail customers of different income levels and business customers of different sizes.
- The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The bank has made an excellent level of community development loans.
- The bank has a significant level of qualified community development investments and grants.
- The bank is a leader in providing community development services.

SCOPE OF EXAMINATION

The state rating for Pennsylvania is the same as the evaluation of Susquehanna's performance in the Pennsylvania non-metropolitan assessment area which includes Bedford, Franklin, Fulton and Huntingdon Counties. The substantial majority of the bank's lending and operations in Pennsylvania are in this four-county area. Accordingly, a full review of the bank's performance in the assessment area was performed. A limited review of the bank's CRA performance was conducted for the Altoona MSA due to the bank's limited operations in this market. Susquehanna sold its two Altoona branches in November 2006 and no longer had a physical presence in this assessment area as of the examination date. The bank's performance in the Altoona MSA did not affect the bank's overall rating in the state.

Susquehanna's CRA performance in Pennsylvania was evaluated for the period from July 1, 2005 through June 11, 2007. 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 community development loans. For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data, using the 2004 OMB metropolitan area designations.

BEDFORD, FRANKLIN, FULTON AND HUNTINGDON COUNTIES NON-METROPOLITAN AREA

DESCRIPTION OF ASSESSMENT AREA

Susquehanna's Pennsylvania assessment area is made up of four contiguous counties located in rural south central Pennsylvania. The assessment area comprises 41 census tracts (26 in Franklin County, 11 in Bedford County, 3 in Fulton County and 1 in Huntingdon County). Of the 41 census tracts, 3 are designated as moderate-income. One moderate-income tract is located in Coaldale, Bedford County, and 2 are in Chambersburg and Waynesboro in Franklin County. Seven percent of the assessment area's population resides within these moderate-income tracts.

The three census tracts located in Fulton County are designated as underserved middle-income tracts for purposes of CRA. A census tract that is designated as underserved constitutes a rural area with a population so small, thin and distant from a population center that it will have difficulty financing essential community needs. In Bedford County, there are ten census tracts designated as distressed for CRA purposes. Distressed census tracts are located in a county that has an unemployment rate of at least 1.5 times the national average, a poverty rate of 20% or more, a population loss of 10% or more between the previous and most recent census or a net migration loss of 5% or more over the five-year period before most recent census.

Susquehanna's performance in the assessment area was evaluated in terms of the demographic and business context in which it operates. According to the FDIC's Summary of Deposits as of June 30, 2006, 22 financial institutions operate in this four-county area. These 22 institutions maintain a total of 109 branches holding \$3.0 billion in deposits. Susquehanna operated 12 of these branches, holding \$390 million in deposits. The bank ranks 3rd in the assessment area, controlling 13% of the retail deposit market. M&T Bank, headquartered in Buffalo, NY, ranked 1st with 17% of the market.

Susquehanna's HMDA loans were compared to the aggregate of all lenders in the Pennsylvania assessment area reporting real estate loans pursuant to HMDA. These data are reported annually and 2005 is the most recent year for which information is available. Susquehanna is the 36th largest HMDA loan originator in the assessment area with 1% of all such loan originations and purchases. Susquehanna Mortgage ranks 50th in the market with less than 1% of loans. Countrywide Home Loans ranks 1st with 5% of loans. Farmers and Merchants of Chambersburg, Franklin County ranked highest among local banks at 3rd, capturing 4% of the market.

Among small business lenders operating in the assessment area, Susquehanna ranked 6th with 10% of the market. GE Capital ranked 1st with 14% of the market. The four-county area had a total of 52 small business reporters in 2005. Susquehanna ranks highest among local banks.

ECONOMIC CHARACTERISTICS

The Pennsylvania assessment area is made up of four contiguous counties located in south central Pennsylvania. The largest county in terms of population is Franklin County, where 66% of the assessment area population resides. Franklin County is a non-metropolitan area; however, its economic viability is tied to the Hagerstown-Martinsburg MSA, which lies immediately to the south.

The county is one of the faster growing counties in Pennsylvania. Some of the growth can be attributed to the county's proximity to the Baltimore, MD and Washington, DC areas, where home prices and the cost of living are considerably higher. Residents of Baltimore and Washington relocate to the area to take advantage of low housing costs as commuting patterns and suburban sprawl extend the Baltimore-Washington corridor further west.

Employment in Franklin County is concentrated in federal and county government, healthcare and education. The largest employers include the Letterkenny Army Depot, Chambersburg Hospital, Grove US LLC, and the Chambersburg Area School District. The largest employers in neighboring Bedford County include Wal-Mart Associates, New Enterprise Stone and Lime, and UPMC Bedford Memorial Hospital. In Fulton County, the largest employers include JLG Industries and the Fulton County Medical Center. In Huntingdon County, major employers include J.C. Blair Memorial Hospital, AGY and Juniata College.

Below are the unemployment rates for the counties in this assessment area and the state.

Locations	April 2007	April 2006
Franklin County	2.8%	2.9%
Bedford County	5.0%	5.4%
Fulton County	4.0%	4.0%
Huntingdon County	4.4%	4.9%
Pennsylvania	3.8%	4.4%

HOUSING

The Pennsylvania assessment area contains 85,412 housing units. Single-family units comprise 75% of the housing units, while mobile homes comprise 13%, two-to-four family units 7%, and multi-family units 5%. The median age of the housing stock is 35 years, lower than the median age for housing stock in the state at 43 years. Median rent in the assessment area is \$438, with 24% of renters paying more than 30% of their income for housing. Statewide median rent is \$531, with 35% of renters paying more than 30% of their income for housing.

According to the 2000 census, the median housing value in the Pennsylvania assessment area is \$89,596. There is only a small disparity between the median housing values in the upper-income (\$103,584) and middle-income census tracts (\$86,928) and that in moderate-income (\$72,517) tracts. Of the total owner-occupied housing units in the assessment area, 61% are valued at less than \$100 thousand. In the state, 54% of housing units are valued at less than \$100 thousand. The cost of housing in the assessment area remains relatively low when compared to neighboring metropolitan areas like Baltimore, Hagerstown, and Washington, DC.

The overall homeownership rate in the assessment area is 69%, compared to 65% statewide and 64% for all non-metropolitan areas in the state (non-metro PA)⁷.

⁷ For comparison purposes, the demographic analysis compares the median of all census tracts located in non-metropolitan areas in Pennsylvania (non-metro PA) to the median of all census tracts in this assessment area.

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. In the Pennsylvania assessment area, just 4% of owner-occupied units are located in the moderate-income census tracts. The large majority of owner-occupied housing units are located in middle-income (75%) and upper-income (21%) tracts.

BORROWER INCOME DATA

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 this assessment area was \$43,776, compared to \$41,475 for non-metro PA and \$49,184 for Pennsylvania. Median family income is highest in Franklin County (\$47,075) and lowest in Bedford County (\$37,741). Of the total families in the assessment area, 14% are designated as low-income and 19% are moderate-income. Families living below the poverty level represented 6% of the total families in the county, compared to 8% in both non-metro PA and in the state.

DEMOGRAPHIC BUSINESS DATA

The percentage of businesses located within designated census tracts is used as a proxy to estimate demand for small business credit within such census tracts. In the Pennsylvania assessment area, 7% of businesses are located in the moderate-income census tracts. The substantial majority of businesses are located in middle- (74%) and upper-income (19%) census tracts.

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

Susquehanna Bank Pennsylvania Non-Metropolitan Area Assessment Area Demographics								
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	8,043	14.4
Moderate-income	3	7.3	2,938	5.3	429	14.6	10,753	19.2
Middle-income	31	75.6	41,385	74.1	2,637	6.4	13,867	24.8
Upper-income	7	17.1	11,549	20.7	436	3.8	23,209	41.5
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	41	100.0	55,872	100.0	3,502	6.3	55,872	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	5,431	2,534	4.3	46.7	2,214	40.8	683	12.6
Middle-income	64,182	43,792	74.7	68.2	13,300	20.7	7,090	11.0
Upper-income	15,799	12,265	20.9	77.6	2,931	18.6	603	3.8
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	85,412	58,591	100.0	68.6	18,445	21.6	8,376	9.8
	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	443	7.0	383	6.9	42	7.7	18	8.6
Middle-income	4,654	74.1	4,102	74.2	394	72.2	158	75.2
Upper-income	1,187	18.9	1,043	18.9	110	20.1	34	16.2
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	6,284	100.0	5,528	100.0	546	100.0	210	100.0
Percentage of Total Businesses:			88.0		8.7		3.3	
	Total Farms by Tract	Farms 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	10	1.2	10	1.2	0	0.0	0	0.0
Middle-income	641	77.5	628	77.5	12	75.0	1	100.0
Upper-income	176	21.3	172	21.2	4	25.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	827	100.0	810	100.0	16	100.0	1	100.0
Percentage of Total Farms:			97.9		1.9		0.1	

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, including loans originated in low- and moderate-income census tracts.
- Borrowers' profile, including distribution of loans to low- and moderate-income borrowers and small businesses.
- Overall responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses.
- Community development lending activities.

Performance under the lending test is high satisfactory in the Pennsylvania assessment area.

Geographic Distribution of Loans

The geographic distribution of loans in the Pennsylvania assessment area was analyzed to determine the dispersion of loans among different census tracts within the assessment area. The analysis reflected good penetration throughout the assessment area, including low- and moderate-income census tracts.

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts is used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in these tracts. A review of Susquehanna's home mortgage lending activity reflects excellent penetration throughout the assessment area.

In the Pennsylvania assessment area, 4% of all owner-occupied units are located in moderate-income census tracts. By comparison, 8% of Susquehanna's home mortgage loans were originated in moderate-income census tracts. Susquehanna's home mortgage lending was also compared to all lenders operating in the assessment area. According to 2005 aggregate HMDA data, 5% of all home mortgage loans were made in moderate-income census tracts. This comparison shows that Susquehanna performed better than the market in moderate-income census tracts and above the percentage of owner-occupied units located in these census tracts.

Small Business Lending

An analysis of the geographic distribution of small business loans was conducted to determine the dispersion of these loans among different census tracts within the Pennsylvania assessment area. The analysis reflects good penetration given the economic characteristics of this non-metropolitan area.

A comparison of the number of small business loans originated in each type of census tract to the number of businesses located in each type of tract demonstrates the bank's commitment to making credit available to its entire community. During the period evaluated, Susquehanna originated 835 small business loans in the Pennsylvania assessment area, in an aggregate amount of \$77.2 million. Business demographics revealed a total of 6,284 businesses within the assessment area.

Susquehanna's extension of credit to these businesses shows that moderate-income census tracts received 4% of small business loans, while 7% of businesses are located in these tracts. The bank's small business lending was compared to all lenders operating in the assessment area. Aggregate loan data show that 6% of all reported small business loans were made in moderate-income census tracts. This comparison shows that Susquehanna performed below the market in moderate-income census tracts and below the percentage of businesses located in these census tracts. However, the aggregate data show that overall lending in moderate-income census tracts was less than the level of small businesses operating in these tracts, indicating limited lending opportunities for banks operating in these areas. Despite a below average cost of doing business, much of the area remains rural and in need of economic revitalization.

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

HMDA and small business lending data were analyzed, 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.

Lending to Borrowers of Different Income Levels

The demographics of the assessment area show that of the 55,872 families in the assessment area, 14% are designated as low-income and 19% are moderate-income. By comparison, the distribution of Susquehanna's home mortgage loans shows that 7% of its loans were to low-income borrowers and 17% were to moderate-income borrowers. Susquehanna's home mortgage lending was compared to all lenders operating in the Pennsylvania assessment area. An analysis of aggregate data show that 5% of all home mortgage loans made in the assessment area were made to low-income borrowers and 15% were made to moderate-income borrowers. This comparison shows that although Susquehanna performed below the percentage of borrowers identified as low- or moderate-income, bank lending was stronger than the market with both of these borrower groups.

This distribution of loans reflects good penetration among retail customers of different income levels. Lending to low-income families, in comparison to the demographics of the assessment area, shows that lending levels do not correspond to the percentage of low- or moderate-income families in the assessment area. However, the bank's level of penetration is considered satisfactory given the credit needs of this segment of the population can be difficult to address through conventional loan products, presenting a significant obstacle to home ownership.

In particular, 24% of renters in the assessment area pay more than 30% of their income for housing, making it difficult to save for a down payment on a house. In addition, 16% of the assessment area population is 65 and older and this aging population impacts the demand for housing credit in the area.

To address this identified need, the bank continues to make home-improvement loans and refinancings of loans in the assessment area. Over the period reviewed, 72% of the bank's home mortgage loans were for home-improvement or refinancing.

The bank's participation in innovative and flexible lending programs that address the specific credit needs of low- and moderate-income borrowers enhances its home mortgage lending profile. Most notably, the bank developed CRA mortgage loan products to provide low- and moderate-income borrowers with the ability to purchase a home. The products allow for flexible underwriting standards and the use of alternative credit histories when no credit scores exist for low- and moderate-income borrowers. During the evaluation period, Susquehanna originated 26 loans under this program, aggregating \$3.7 million.

Lending to Businesses of Different Sizes

Small business lending data were analyzed to determine the extent of lending to businesses of different sizes, especially small businesses. Susquehanna's distribution of loans reflects excellent penetration among business customers of different sizes in this assessment area.

A small business is defined as a business with gross annual revenues of \$1 million or less. Using this definition, bank lending was analyzed to determine whether loans were made to small businesses. Of the 835 loans the bank originated during the evaluation period, 658 or 79% were originated to small businesses. By comparison, a review of all lenders in the market shows that 46% of all small business loans were made to small businesses.

In addition, of the 835 small business loans originated by the bank, 79% 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 small businesses and, as such, Susquehanna's lending activity demonstrates it is meeting the credit needs of these businesses.

To enhance its efforts in addressing the credit needs of small businesses in its assessment areas, Susquehanna participates as a SBA lender. As of December 31, 2006, the bank's outstanding SBA loan balance was \$7.1 million. Susquehanna also participates in a loan program with the Franklin County Community Development Corporation (CDC). The CDC is a non-profit corporation charged with formulating, implementing and promoting a comprehensive countywide economic development strategy. The CDC primarily supports business retention and expansion in Franklin County. During the examination period, eight loans totaling \$563 thousand were originated under this program.

Community Development Lending

Susquehanna made an excellent level of community development loans in the non-metropolitan areas in Pennsylvania. During the evaluation period, it originated three community development loans totaling \$3.1 million. Two of the bank's loans, totaling \$2.1 million, support economic development in rural, middle-income distressed parts of the assessment area. One loan, totaling \$975 thousand, financed affordable housing in the assessment area.

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 that 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 that has as its primary purpose community development

Performance under the investment test is rated high satisfactory in non-metropolitan Pennsylvania. Of Susquehanna's total current investments, 3% were attributed to this assessment area.

Volume of Investment and Grant Activity

A review of investment activity revealed that Susquehanna has a significant level of qualified community development investments and grants in Pennsylvania. Overall, investments aggregate \$1.1 million. The substantial majority of these investments (87%) support affordable housing. The remaining 13% support both community development and services in the assessment area.

The bank's investments include \$540 thousand in targeted mortgage-backed securities containing residential mortgage loans originated to low- and moderate-income borrowers, or inside low- and moderate-income census tracts. The bank also made grants and contributions to various organizations that routinely provide affordable housing and community development services that benefit low- and moderate-income individuals and census tracts. During the period evaluated, the bank made \$624 thousand in qualified grants and donations that benefit the assessment area.

Responsiveness to Credit and Community Development Needs

Susquehanna was responsive to credit and community development needs through the use of investments to support community development initiatives. Qualified investments are tailored to the needs of particular geographic areas. Specifically, the bank's investments support affordable housing and community development services in areas that are predominantly moderate-income, distressed or underserved.

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 census tracts or low- and moderate-income persons in the assessment area.
- The reasonableness of business hours and services in meeting assessment area needs.
- The extent to which an institution provides community development services.

Performance under the service test is rated outstanding in the Pennsylvania assessment area which includes Franklin, Bedford, Fulton and Huntingdon counties.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of its assessment area. The bank currently operates ten branches in the Pennsylvania non-MSA area, with one of those branches located in a moderate-income census tract. By comparison, 6% of the assessment area population resides in moderate-income tracts. In addition, four of the bank’s branches are located in Bedford County in middle-income census tracts designated as distressed for purposes of CRA. All ten branches in the assessment area operate ATMs and have late evening and weekend hours.

The following table details the locations of the bank’s branches and the population served.

Census Tract	Number of Branches	Percent Branches	Population	Percent Population
Low-income	0	0	0	0
Moderate-income	1	10	11,298	6
Middle-income	8	80	144,782	74
Upper-income	1	10	39,910	20
TOTALS	10	100%	195,900	100%

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

To supplement traditional banking services, Susquehanna offers Internet banking on www.susquehanna.net. By accessing Susquehanna’s *Internet Banker*, customers can view account balances, transfer funds between accounts, pay bills and issue stop payments. In addition, customers can bank by phone through a toll-free automated system which allows customers to access account information, open new accounts, renew CDs, apply for loans, or transfer funds. Customer service representatives are available daily, including Saturdays.

Changes in Branch Locations

Susquehanna’s record of opening and closing branches in the Pennsylvania assessment area has not adversely affected the accessibility of its delivery systems in low- and moderate-income census tracts or to low- and moderate-income individuals. Susquehanna opened a full-service branch at 801 Norland Avenue, Chambersburg, Franklin County, a middle-income census tract. This branch is the result of a consolidation of two Chambersburg branches (736 Chambersburg Mall and 1056 Wayne Avenue). Both branches were located in middle-income census tracts.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

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

Community Development Services

Susquehanna is a leader in providing community development services in the Pennsylvania assessment area. Numerous bank officers and employees participate on loan and finance committees, make presentations for small business development and financial literacy programs, provide technical expertise, and serve in various capacities on the boards of a number of community development organizations. These organizations include, but are not limited to:

- Community Development Corporation of Franklin County
- Downtown Chambersburg, Inc.
- Franklin County Area Development Corporation
- Main Street Waynesboro
- Bedford County Industrial Development Authority
- Bedford County Development Association
- Greencastle-Antrim Area Development Corporation
- Habitat For Humanity of Bedford County
- Bedford County Literacy Council
- Waynesboro Area School District, Business Education Committee
- Community Foundation of Everett

Bank Products

Susquehanna offers bank products that provide greater access to banking services for low- and moderate-income customers and small businesses. These products include:

- A free checking account that offers unlimited check writing, no minimum daily balance requirement and no monthly service fee. *Internet Banker* and telephone banking are free of charge with this account. The account provides greater access to banking services for low- and moderate-income consumers.
- A business checking account with no monthly service fees or minimum balance requirements for businesses that generate 150 or fewer checks or deposited items per month. *Internet Banker for Business* with bill payment is offered free with this account. The account provides greater access to banking services for small businesses.

LIMITED REVIEW ASSESSMENT AREA CONCLUSIONS

Limited reviews of Susquehanna's CRA performance were conducted in four assessment areas: the Cumberland MSA; Worcester County, MD; Altoona MSA; and Jefferson County, WV. While full reviews were conducted and greater weight was given to the bank's performance in its Hagerstown, Baltimore MSA, Garrett County and Pennsylvania assessment areas, bank performance in the limited review assessment areas was determined to be consistent overall with the performance in the full review assessment areas. Facts and data reviewed, including performance and demographic information, can be found in the tables accompanying this report.

Conclusions regarding performance, which did not impact the overall institution rating, are as follows:

ASSESSMENT AREA	LENDING TEST	INVESTMENT TEST	SERVICE TEST
Cumberland MSA (Allegany County)	Consistent	Consistent	Consistent
Worcester County, MD	Below	Consistent	Consistent
Altoona, PA MSA (Blair County)	Consistent	Consistent	Consistent
Jefferson County, WV (Washington-Arlington-Alexandria Metropolitan Division)	Consistent	Consistent	Consistent

CUMBERLAND, MD-WV METROPOLITAN STATISTICAL AREA

Situated in northwestern Maryland, the Cumberland MSA consists of Allegany County in Maryland and Mineral County in West Virginia. Susquehanna's assessment area includes only Allegany County which contains 23 census tracts, two of which are designated as moderate-income. Both moderate-income tracts are located in the city of Cumberland. The total population of Allegany County is 74,930.

According to the FDIC's Summary of Deposits, as of June 30, 2006, there are just five depository institutions operating in Allegany County. These institutions maintain a total of 23 branches holding \$626 million in deposits. Susquehanna, with six branches in the assessment area, ranked 1st, with \$222 million and 35% of the retail deposit market. M&T Bank, headquartered in Buffalo, NY is ranked 2nd, with 31% of area deposits.

Susquehanna reported 188 home mortgage loans aggregating \$10.6 million and 176 small business loans aggregating \$22.8 million, during the examination period in Allegany County. Of the total 364 loans, 25 (7%) were originated in moderate-income census tracts. The bank also originated three community development loans totaling \$1.4 million in this assessment area and \$593 thousand in qualified community development investments.

The table on the following page shows the demographics for Allegany County.

Susquehanna Bank Allegany County, MD (Cumberland MSA) Assessment Area Demographics								
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	3,418	18.0
Moderate-income	2	8.7	1,547	8.1	323	20.9	3,610	19.0
Middle-income	17	73.9	13,236	69.6	1,357	10.3	4,443	23.4
Upper-income	4	17.4	4,227	22.2	169	4.0	7,539	39.7
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	23	100.0	19,010	100.0	1,849	9.7	19,010	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	3,102	1,465	7.1	47.2	1,167	37.6	470	15.2
Middle-income	23,392	14,290	69.5	61.1	6,390	27.3	2,712	11.6
Upper-income	6,490	4,814	23.4	74.2	1,196	18.4	480	7.4
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	32,984	20,569	100.0	62.4	8,753	26.5	3,662	11.1
	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	162	7.2	146	7.1	12	7.6	4	6.3
Middle-income	1,653	73.0	1,500	73.4	102	65.0	51	79.7
Upper-income	450	19.9	398	19.5	43	27.4	9	14.1
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,265	100.0	2,044	100.0	157	100.0	64	100.0
Percentage of Total Businesses:				90.2		6.9		2.8
	Total Farms by Tract	Farms 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	21	84.0	21	84.0	0	0.0	0	0.0
Upper-income	4	16.0	4	16.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	25	100.0	25	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0

WORCHESTER COUNTY, MARYLAND

Situated in eastern Maryland, Worcester County has a population of 46,543. The county contains 11 census tracts of which 2 are designated as moderate-income and 9 are middle-income. These 9 middle-income tracts are designated as distressed for purposes of CRA. The county seat is Snow Hill.

According to the FDIC's Summary of Deposits as of June 30, 2006, 11 depository institutions operate in Worcester County. These institutions maintain a total of 40 branches holding \$1.2 billion in deposits. Susquehanna operates one branch in the county and ranks 9th, holding \$27 million, or 2% of the retail deposit market. Mercantile Peninsula Bank, headquartered in Delaware, ranks 1st with 30% of the market. Calvin B. Taylor Bank, headquartered in Worcester County, is ranked 2nd, with 24% of the market.

During the examination period, Susquehanna originated just 16 home mortgage loans aggregating \$3.5 million and eight small business loans aggregating \$1.1 million. All of these loans were originated in the middle-income census tracts. The bank's lending performance in Worcester County is below its lending performance in the assessment areas in the state of Maryland that were reviewed using the full-scope examination procedures. However, it does not change the overall performance conclusion for the state of Maryland.

The table on the following page shows the demographics for Worcester County, MD.

Susquehanna Bank Worchester County, MD Assessment Area Demographics								
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	2,701	20.2
Moderate-income	2	18.2	2,380	17.8	310	13.0	2,605	19.4
Middle-income	9	81.8	11,024	82.2	652	5.9	3,422	25.5
Upper-income	0	0.0	0	0.0	0	0.0	4,676	34.9
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	13,404	100.0	962	7.2	13,404	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	3,875	1,973	13.4	50.9	1,579	40.7	323	8.3
Middle-income	43,485	12,802	86.6	29.4	3,340	7.7	27,343	62.9
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	47,360	14,775	100.0	31.2	4,919	10.4	27,666	58.4
	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	470	16.8	427	17.1	31	15.0	12	13.8
Middle-income	2,326	83.2	2,075	82.9	176	85.0	75	86.2
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,796	100.0	2,502	100.0	207	100.0	87	100.0
Percentage of Total Businesses:				89.5		7.4		3.1
	Total Farms by Tract	Farms 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	8	7.1	8	7.3	0	0.0	0	0.0
Middle-income	105	92.9	102	92.7	2	100.0	1	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	113	100.0	110	100.0	2	100.0	1	100.0
Percentage of Total Farms:				97.3		1.8		0.9

ALTOONA, PA METROPOLITAN STATISTICAL AREA

Situated in central Pennsylvania, the Altoona MSA consists of Blair County. The county, which has a total population of 129,144, contains 34 census tracts, of which 1 is designated as low-income and 6 are moderate-income. The low-income census tract and 4 moderate-income tracts are located in the city of Altoona.

Susquehanna operated two branches in the Altoona MSA, but sold both branches in November 2006 and did not have a physical presence in this assessment area as of the examination date. Both branches were located in middle-income census tracts. According to the FDIC's Summary of Deposits, as of June 30, 2006, there were 14 depository institutions operating in the MSA. These institutions maintained a total of 64 branches holding \$1.9 billion in deposits. Susquehanna ranked 10th, with \$29 million and 2% of the retail deposit market.

Susquehanna reported 59 home mortgage loans aggregating \$3.8 million and 212 small business loans aggregating \$32.1 million, during the examination period. Of the total 271 loans, 40 (15%) were originated in low- and moderate-income census tracts. Susquehanna also originated a \$420 thousand community development loan supporting affordable housing in the Altoona MSA.

The table on the following page shows the demographics for the Altoona MSA.

Susquehanna Bank Altoona, PA MSA Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.9	189	0.5	75	39.7	6,393	18.1
Moderate-income	6	17.6	5,501	15.6	1,080	19.6	6,719	19.1
Middle-income	25	73.5	26,249	74.4	1,824	6.9	8,629	24.5
Upper-income	2	5.9	3,328	9.4	222	6.7	13,526	38.4
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	34	100.0	35,267	100.0	3,201	9.1	35,267	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,293	62	0.2	4.8	1,024	79.2	207	16.0
Moderate-income	9,375	5,176	13.8	55.2	3,336	35.6	863	9.2
Middle-income	39,505	28,669	76.3	72.6	8,587	21.7	2,249	5.7
Upper-income	4,888	3,654	9.7	74.8	1,010	20.7	224	4.6
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	55,061	37,561	100.0	68.2	13,957	25.3	3,543	6.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	170	4.4	135	4.0	32	7.7	3	3.6
Moderate-income	688	17.8	605	18.0	70	16.8	13	15.5
Middle-income	2,588	67.1	2,260	67.4	270	64.7	58	69.0
Upper-income	409	10.6	354	10.6	45	10.8	10	11.9
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3,855	100.0	3,354	100.0	417	100.0	84	100.0
		Percentage of Total Businesses:		87.0		10.8		2.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	1	0.7	1	0.7	0	0.0	0	0.0
Moderate-income	11	8.1	11	8.2	0	0.0	0	0.0
Middle-income	121	89.0	119	88.8	2	100.0	0	0.0
Upper-income	3	2.2	3	2.2	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	136	100.0	134	100.0	2	100.0	0	0.0
		Percentage of Total Farms:		98.5		1.5		0.0

JEFFERSON COUNTY, WV

Situated in northeastern West Virginia, Jefferson County is part of the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division. The county, which has a total population of 42,190, contains 7 census tracts, 5 of which are designated as moderate-income and two are middle-income. The moderate-income tracts are located in Charles Town, Ranson and Harpers Ferry.

Susquehanna operated one branch in Jefferson County but sold the branch in October 2005 and did not have a physical presence in this assessment area as of the examination date. The branch was located in a moderate-income census tract. According to the FDIC's Summary of Deposits, as of June 30, 2006, there were seven depository institutions operating in Jefferson County. These institutions maintain a total of 17 branches holding \$708 million in deposits. Bank of Charles Town, a local bank, has a strong presence with 30% of the retail deposit market.

In 2005, Susquehanna reported six home mortgage loans aggregating \$1.1 million, and 15 small business loans aggregating \$2.2 million in Jefferson County. Of the total 21 loans, 12 (57%) were originated in the moderate-income census tracts.

The table on the following page shows the demographics for Jefferson County, WV.

Susquehanna Bank Jefferson County, WV Assessment Area Demographics								
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	3,522	30.9
Moderate-income	5	71.4	8,232	72.3	674	8.2	2,718	23.9
Middle-income	2	28.6	3,158	27.7	143	4.5	2,782	24.4
Upper-income	0	0.0	0	0.0	0	0.0	2,368	20.8
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	7	100.0	11,390	100.0	817	7.2	11,390	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	12,526	8,722	71.1	69.6	2,807	22.4	997	8.0
Middle-income	5,097	3,540	28.9	69.5	1,096	21.5	461	9.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	17,623	12,262	100.0	69.6	3,903	22.1	1,458	8.3
	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	714	58.9	648	57.9	53	73.6	13	61.9
Middle-income	499	41.1	472	42.1	19	26.4	8	38.1
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,213	100.0	1,120	100.0	72	100.0	21	100.0
Percentage of Total Businesses:			92.3		5.9		1.7	
	Total Farms By Tract	Farms 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	56	69.1	54	69.2	2	66.7	0	0.0
Middle-income	25	30.9	24	30.8	1	33.3	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	81	100.0	78	100.0	3	100.0	0	0.0
Percentage of Total Farms:			96.3		3.7		0.0	

CRA APPENDIXES

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.

Block numbering area (“BNA”): A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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).

Geography: A census tract or a block numbering area delineated by the U.S. 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 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: LOAN DISTRIBUTION TABLES

LOAN DISTRIBUTION TABLE – HAGERSTOWN-MARTINSBURG, MD-WV MSA (2005 & 2006)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	3	2.5%	218	0.5%
Moderate	24	20.3%	4,728	10.6%	16	13.6%	1,828	4.1%
Middle	65	55.1%	30,716	69.2%	23	19.5%	3,727	8.4%
Upper	29	24.6%	8,970	20.2%	57	48.3%	25,347	57.1%
Unknown	0	0.0%	0	0.0%	19	16.1%	13,294	29.9%
Total	118	100.0%	44,414	100.0%	118	100.0%	44,414	100.0%
	Refinance							
Low	1	0.6%	75	0.4%	11	7.0%	749	3.8%
Moderate	20	12.7%	1,818	9.3%	36	22.9%	3,251	16.6%
Middle	106	67.5%	12,951	66.0%	45	28.7%	4,924	25.1%
Upper	30	19.1%	4,776	24.3%	51	32.5%	8,701	44.3%
Unknown	0	0.0%	0	0.0%	14	8.9%	1,995	10.2%
Total	157	100.0%	19,620	100.0%	157	100.0%	19,620	100.0%
	Home Improvement							
Low	1	0.5%	57	0.5%	22	11.3%	639	5.1%
Moderate	14	7.2%	558	4.4%	48	24.6%	1,927	15.3%
Middle	130	66.7%	6,887	54.5%	40	20.5%	2,572	20.4%
Upper	50	25.6%	5,130	40.6%	80	41.0%	7,099	56.2%
Unknown	0	0.0%	0	0.0%	5	2.6%	395	3.1%
Total	195	100.0%	12,632	100.0%	195	100.0%	12,632	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	2	0.4%	132	0.2%	36	7.7%	1,606	2.1%
Moderate	58	12.3%	7,104	9.3%	100	21.3%	7,006	9.1%
Middle	301	64.0%	50,554	65.9%	108	23.0%	11,223	14.6%
Upper	109	23.2%	18,876	24.6%	188	40.0%	41,147	53.7%
Unknown	0	0.0%	0	0.0%	38	8.1%	15,684	20.5%
Total	470	100.0%	76,666	100.0%	470	100.0%	76,666	100.0%

LOAN DISTRIBUTION TABLE – HAGERSTOWN-MARTINSBURG, MD-WV MSA (2005 & 2006) (CONTINUED)

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	41	4.4%	4,742	3.6%	0	0.0%	0	0.0%
Moderate	140	15.1%	27,179	20.6%	0	0.0%	0	0.0%
Middle	576	62.3%	72,082	54.5%	25	78.1%	1,518	54.5%
Upper	168	18.2%	28,202	21.3%	7	21.9%	1,265	45.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	925	100.0%	132,205	100.0%	32	100.0%	2,783	100.0%
	By Revenue							
Total \$1 Million or Less	362	39.1%	38,810	29.4%	28	87.5%	1,648	59.2%
Over \$1 Million	563	60.9%	93,395	70.6%	4	12.5%	1,135	40.8%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	925	100.0%	132,205	100.0%	32	100.0%	2,783	100.0%
	By Loan Size							
\$100,000 or less	616	66.6%	27,873	21.1%	24	75.0%	1,020	36.7%
\$100,001 - \$250,000	164	17.7%	28,639	21.7%	6	18.8%	1,078	38.7%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	145	15.7%	75,693	57.3%	2	6.3%	685	24.6%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	925	100.0%	132,205	100.0%	32	100.0%	2,783	100.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	270	74.6%	11,355	29.3%	24	85.7%	1,020	61.9%
\$100,001 - \$250,000	54	14.9%	8,947	23.1%	4	14.3%	628	38.1%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	38	10.5%	18,508	47.7%	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	362	100.0%	38,810	100.0%	28	100.0%	1,648	100.0%

LOAN DISTRIBUTION TABLE – BALTIMORE-TOWSON MSA (2005 & 2006)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	15	7.7%	1,441	2.7%	18	9.3%	1,797	3.4%
Moderate	59	30.4%	10,662	20.0%	39	20.1%	5,600	10.5%
Middle	72	37.1%	17,666	33.2%	23	11.9%	4,766	9.0%
Upper	48	24.7%	23,473	44.1%	68	35.1%	29,711	55.8%
Unknown	0	0.0%	0	0.0%	46	23.7%	11,368	21.4%
Total	194	100.0%	53,242	100.0%	194	100.0%	53,242	100.0%
	Refinance							
Low	5	3.1%	1,914	5.8%	13	8.2%	1,130	3.4%
Moderate	17	10.7%	3,083	9.3%	28	17.6%	3,583	10.8%
Middle	82	51.6%	15,648	47.2%	35	22.0%	6,227	18.8%
Upper	55	34.6%	12,542	37.8%	59	37.1%	16,037	48.3%
Unknown	0	0.0%	0	0.0%	24	15.1%	6,210	18.7%
Total	159	100.0%	33,187	100.0%	159	100.0%	33,187	100.0%
	Home Improvement							
Low	3	2.7%	257	1.6%	12	10.6%	246	1.5%
Moderate	12	10.6%	783	4.9%	21	18.6%	1,308	8.1%
Middle	47	41.6%	4,417	27.4%	20	17.7%	1,552	9.6%
Upper	51	45.1%	10,661	66.1%	51	45.1%	11,337	70.3%
Unknown	0	0.0%	0	0.0%	9	8.0%	1,675	10.4%
Total	113	100.0%	16,118	100.0%	113	100.0%	16,118	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	23	4.9%	3,612	3.5%	43	9.2%	3,173	3.1%
Moderate	88	18.9%	14,528	14.2%	88	18.9%	10,491	10.2%
Middle	201	43.1%	37,731	36.8%	78	16.7%	12,545	12.2%
Upper	154	33.0%	46,676	45.5%	178	38.2%	57,085	55.7%
Unknown	0	0.0%	0	0.0%	79	17.0%	19,253	18.8%
Total	466	100.0%	102,547	100.0%	466	100.0%	102,547	100.0%

**LOAN DISTRIBUTION TABLE – BALTIMORE-TOWSON MSA (2005 & 2006)
(CONTINUED)**

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	17	2.1%	3,330	2.1%	0	0.0%	0	0.0%
Moderate	102	12.5%	20,600	13.2%	0	0.0%	0	0.0%
Middle	402	49.2%	77,471	49.7%	2	100.0%	475	100.0%
Upper	296	36.2%	54,589	35.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	817	100.0%	155,990	100.0%	2	100.0%	475	100.0%
	By Revenue							
Total \$1 Million or Less	450	55.1%	67,261	43.1%	1	50.0%	375	78.9%
Over \$1 Million	363	44.4%	86,138	55.2%	1	50.0%	100	21.1%
Not Known	4	0.5%	2,591	1.7%	0	0.0%	0	0.0%
Total	817	100.0%	155,990	100.0%	2	100.0%	475	100.0%
	By Loan Size							
\$100,000 or less	416	50.9%	20,369	13.1%	1	50.0%	100	21.1%
\$100,001 - \$250,000	198	24.2%	35,589	22.8%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	203	24.8%	100,032	64.1%	1	50.0%	375	78.9%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	817	100.0%	155,990	100.0%	2	100.0%	475	100.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	266	59.1%	12,075	18.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	104	23.1%	18,256	27.1%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	80	17.8%	36,930	54.9%	1	100.0%	375	100.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	450	100.0%	67,261	100.0%	1	100.0%	375	100.0%

LOAN DISTRIBUTION TABLE – GARRETT COUNTY, MD (2005 & 2006)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	3	5.2%	238	1.9%
Moderate	36	62.1%	6,466	50.6%	4	6.9%	392	3.1%
Middle	22	37.9%	6,324	49.4%	15	25.9%	2,185	17.1%
Upper	0	0.0%	0	0.0%	32	55.2%	8,532	66.7%
Unknown	0	0.0%	0	0.0%	4	6.9%	1,443	11.3%
Total	58	100.0%	12,790	100.0%	58	100.0%	12,790	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	4	12.1%	219	4.8%
Moderate	19	57.6%	1,997	43.5%	6	18.2%	627	13.7%
Middle	14	42.4%	2,596	56.5%	6	18.2%	864	18.8%
Upper	0	0.0%	0	0.0%	16	48.5%	2,828	61.6%
Unknown	0	0.0%	0	0.0%	1	3.0%	55	1.2%
Total	33	100.0%	4,593	100.0%	33	100.0%	4,593	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	5	11.1%	23	0.7%
Moderate	32	71.1%	2,382	76.0%	10	22.2%	500	16.0%
Middle	13	28.9%	751	24.0%	16	35.6%	1,170	37.3%
Upper	0	0.0%	0	0.0%	14	31.1%	1,440	46.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	45	100.0%	3,133	100.0%	45	100.0%	3,133	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	12	8.8%	480	2.3%
Moderate	87	64.0%	10,845	52.9%	20	14.7%	1,519	7.4%
Middle	49	36.0%	9,671	47.1%	37	27.2%	4,219	20.6%
Upper	0	0.0%	0	0.0%	62	45.6%	12,800	62.4%
Unknown	0	0.0%	0	0.0%	5	3.7%	1,498	7.3%
Total	136	100.0%	20,516	100.0%	136	100.0%	20,516	100.0%

LOAN DISTRIBUTION TABLE – GARRETT COUNTY, MD (2005 & 2006) (CONTINUED)

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	194	73.8%	12,561	60.0%	0	0.0%	0	0.0%
Middle	69	26.2%	8,377	40.0%	1	100.0%	51	100.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	263	100.0%	20,938	100.0%	1	100.0%	51	100.0%
	By Revenue							
Total \$1 Million or Less	172	65.4%	7,334	35.0%	1	100.0%	51	100.0%
Over \$1 Million	91	34.6%	13,604	65.0%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	263	100.0%	20,938	100.0%	1	100.0%	51	100.0%
	By Loan Size							
\$100,000 or less	214	81.4%	6,769	32.3%	1	100.0%	51	100.0%
\$100,001 - \$250,000	29	11.0%	4,604	22.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	20	7.6%	9,565	45.7%	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	263	100.0%	20,938	100.0%	1	100.0%	51	100.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	156	90.7%	4,111	56.1%	1	100.0%	51	100.0%
\$100,001 - \$250,000	12	7.0%	1,723	23.5%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	4	2.3%	1,500	20.5%	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	172	100.0%	7,334	100.0%	1	100.0%	51	100.0%

LOAN DISTRIBUTION TABLE – PENNSYLVANIA NON-METROPOLITAN AREA (2005 & 2006)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	3	3.1%	178	1.1%
Moderate	11	11.3%	874	5.5%	17	17.5%	1,165	7.3%
Middle	65	67.0%	9,837	62.0%	25	25.8%	3,024	19.0%
Upper	21	21.6%	5,166	32.5%	37	38.1%	6,696	42.2%
Unknown	0	0.0%	0	0.0%	15	15.5%	4,814	30.3%
Total	97	100.0%	15,877	100.0%	97	100.0%	15,877	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	5	3.9%	324	2.3%
Moderate	10	7.9%	555	3.9%	20	15.7%	1,158	8.1%
Middle	90	70.9%	9,545	67.2%	36	28.3%	3,314	23.3%
Upper	27	21.3%	4,112	28.9%	51	40.2%	7,456	52.5%
Unknown	0	0.0%	0	0.0%	15	11.8%	1,960	13.8%
Total	127	100.0%	14,212	100.0%	127	100.0%	14,212	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	15	11.8%	466	6.6%
Moderate	8	6.3%	480	6.8%	24	18.9%	590	8.4%
Middle	100	78.7%	4,462	63.4%	33	26.0%	1,233	17.5%
Upper	19	15.0%	2,095	29.8%	45	35.4%	4,212	59.9%
Unknown	0	0.0%	0	0.0%	10	7.9%	536	7.6%
Total	127	100.0%	7,037	100.0%	127	100.0%	7,037	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	23	6.6%	968	2.6%
Moderate	29	8.3%	1,909	5.1%	61	17.4%	2,913	7.8%
Middle	255	72.6%	23,844	64.2%	94	26.8%	7,571	20.4%
Upper	67	19.1%	11,373	30.6%	133	37.9%	18,364	49.5%
Unknown	0	0.0%	0	0.0%	40	11.4%	7,310	19.7%
Total	351	100.0%	37,126	100.0%	351	100.0%	37,126	100.0%

LOAN DISTRIBUTION TABLE – PENNSYLVANIA NON-METROPOLITAN AREA (2005 & 2006) (CONTINUED)

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	32	3.8%	2,350	3.0%	0	0.0%	0	0.0%
Middle	688	82.4%	62,842	81.4%	162	99.4%	7,286	99.7%
Upper	115	13.8%	11,979	15.5%	1	0.6%	21	0.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	835	100.0%	77,171	100.0%	163	100.0%	7,307	100.0%
	By Revenue							
Total \$1 Million or Less	658	78.8%	40,210	52.1%	159	97.5%	6,787	92.9%
Over \$1 Million	165	19.8%	36,652	47.5%	4	2.5%	520	7.1%
Not Known	12	1.4%	309	0.4%	0	0.0%	0	0.0%
Total	835	100.0%	77,171	100.0%	163	100.0%	7,307	100.0%
	By Loan Size							
\$100,000 or less	659	78.9%	23,535	30.5%	154	94.5%	4,990	68.3%
\$100,001 - \$250,000	101	12.1%	18,025	23.4%	5	3.1%	931	12.7%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	75	9.0%	35,611	46.1%	4	2.5%	1,386	19.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	835	100.0%	77,171	100.0%	163	100.0%	7,307	100.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	563	85.6%	18,014	44.8%	151	95.0%	4,860	71.6%
\$100,001 - \$250,000	71	10.8%	12,897	32.1%	5	3.1%	931	13.7%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	24	3.6%	9,299	23.1%	3	1.9%	996	14.7%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	658	100.0%	40,210	100.0%	159	100.0%	6,787	100.0%

LOAN DISTRIBUTION TABLE – CUMBERLAND, MD-WV MSA (2005 & 2006)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	2	5.4%	118	3.2%
Moderate	2	5.4%	121	3.3%	4	10.8%	217	5.9%
Middle	21	56.8%	1,861	50.5%	11	29.7%	945	25.7%
Upper	14	37.8%	1,700	46.2%	19	51.4%	2,343	63.6%
Unknown	0	0.0%	0	0.0%	1	2.7%	59	1.6%
Total	37	100.0%	3,682	100.0%	37	100.0%	3,682	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	5	8.8%	263	6.8%
Moderate	5	8.8%	420	10.9%	12	21.1%	500	12.9%
Middle	34	59.6%	2,014	52.1%	11	19.3%	739	19.1%
Upper	18	31.6%	1,434	37.1%	29	50.9%	2,366	61.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	57	100.0%	3,868	100.0%	57	100.0%	3,868	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	11	11.7%	82	2.6%
Moderate	5	5.3%	50	1.6%	16	17.0%	459	14.8%
Middle	66	70.2%	2,072	66.9%	30	31.9%	801	25.9%
Upper	23	24.5%	973	31.4%	36	38.3%	1,738	56.2%
Unknown	0	0.0%	0	0.0%	1	1.1%	15	0.5%
Total	94	100.0%	3,095	100.0%	94	100.0%	3,095	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	18	9.6%	463	4.3%
Moderate	12	6.4%	591	5.6%	32	17.0%	1,176	11.0%
Middle	121	64.4%	5,947	55.9%	52	27.7%	2,485	23.3%
Upper	55	29.3%	4,107	38.6%	84	44.7%	6,447	60.6%
Unknown	0	0.0%	0	0.0%	2	1.1%	74	0.7%
Total	188	100.0%	10,645	100.0%	188	100.0%	10,645	100.0%

LOAN DISTRIBUTION TABLE – CUMBERLAND, MD-WV (2005 & 2006) (CONTINUED)

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
By Tract Income								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	6	7.4%	314	3.1%	0	0.0%	0	0.0%
Middle	59	72.8%	6,578	65.3%	1	100.0%	40	100.0%
Upper	16	19.8%	3,174	31.5%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	81	100.0%	10,066	100.0%	1	100.0%	40	100.0%
By Revenue								
Total \$1 Million or Less	47	58.0%	2,959	29.4%	1	100.0%	40	100.0%
Over \$1 Million	34	42.0%	7,107	70.6%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	81	100.0%	10,066	100.0%	1	100.0%	40	100.0%
By Loan Size								
\$100,000 or less	60	74.1%	2,918	29.0%	1	100.0%	40	100.0%
\$100,001 - \$250,000	14	17.3%	2,502	24.9%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	7	8.6%	4,646	46.2%	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	81	100.0%	10,066	100.0%	1	100.0%	40	100.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	39	83.0%	1,446	48.9%	1	100.0%	40	100.0%
\$100,001 - \$250,000	7	14.9%	1,213	41.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	1	2.1%	300	10.1%	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	47	100.0%	2,959	100.0%	1	100.0%	40	100.0%

LOAN DISTRIBUTION TABLE – WORCHESTER COUNTY, MD (2005 & 2006)

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	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	8	100.0%	2,373	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	8	100.0%	2,373	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	100.0%	2,373	100.0%	8	100.0%	2,373	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	1	16.7%	30	3.7%
Moderate	0	0.0%	0	0.0%	1	16.7%	247	30.2%
Middle	6	100.0%	817	100.0%	3	50.0%	290	35.5%
Upper	0	0.0%	0	0.0%	1	16.7%	250	30.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	6	100.0%	817	100.0%	6	100.0%	817	100.0%
	Home Improvement							
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	2	100.0%	264	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	2	100.0%	264	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	264	100.0%	2	100.0%	264	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	1	6.3%	30	0.9%
Moderate	0	0.0%	0	0.0%	1	6.3%	247	7.2%
Middle	16	100.0%	3,454	100.0%	3	18.8%	290	8.4%
Upper	0	0.0%	0	0.0%	11	68.8%	2,887	83.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	16	100.0%	3,454	100.0%	16	100.0%	3,454	100.0%

**LOAN DISTRIBUTION TABLE – WORCHESTER COUNTY, MD (2005 & 2006)
(CONTINUED)**

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
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	8	100.0%	1,140	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%	0	0.0%	0	0.0%
Total	8	100.0%	1,140	100.0%	0	0.0%	0	0.0%
	By Revenue							
Total \$1 Million or Less	8	100.0%	1,140	100.0%	0	0.0%	0	0.0%
Over \$1 Million	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	100.0%	1,140	100.0%	0	0.0%	0	0.0%
	By Loan Size							
\$100,000 or less	2	25.0%	61	5.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	6	75.0%	1,079	94.6%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	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	8	100.0%	1,140	100.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	2	25.0%	61	5.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	6	75.0%	1,079	94.6%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	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	8	100.0%	1,140	100.0%	0	0.0%	0	0.0%

LOAN DISTRIBUTION TABLE – ALTOONA, PA MSA (2005 & 2006)

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	3	16.7%	102	5.3%
Moderate	5	27.8%	187	9.7%	3	16.7%	233	12.1%
Middle	13	72.2%	1,745	90.3%	1	5.6%	41	2.1%
Upper	0	0.0%	0	0.0%	10	55.6%	1,524	78.9%
Unknown	0	0.0%	0	0.0%	1	5.6%	32	1.7%
Total	18	100.0%	1,932	100.0%	18	100.0%	1,932	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	1	5.6%	15	1.1%
Moderate	3	16.7%	206	15.6%	5	27.8%	324	24.6%
Middle	11	61.1%	860	65.3%	1	5.6%	46	3.5%
Upper	4	22.2%	252	19.1%	10	55.6%	922	70.0%
Unknown	0	0.0%	0	0.0%	1	5.6%	11	0.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	18	100.0%	1,318	100.0%	18	100.0%	1,318	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	5	21.7%	100	16.9%
Moderate	5	21.7%	63	10.7%	5	21.7%	77	13.0%
Middle	14	60.9%	428	72.4%	5	21.7%	188	31.8%
Upper	4	17.4%	100	16.9%	8	34.8%	226	38.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	23	100.0%	591	100.0%	23	100.0%	591	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	9	15.3%	217	5.6%
Moderate	13	22.0%	456	11.9%	13	22.0%	634	16.5%
Middle	38	64.4%	3,033	79.0%	7	11.9%	275	7.2%
Upper	8	13.6%	352	9.2%	28	47.5%	2,672	69.6%
Unknown	0	0.0%	0	0.0%	2	3.4%	43	1.1%
Total	59	100.0%	3,841	100.0%	59	100.0%	3,841	100.0%

LOAN DISTRIBUTION TABLE – ALTOONA, PA MSA (2005 & 2006) (CONTINUED)

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	7	3.3%	1,078	3.4%	0	0.0%	0	0.0%
Moderate	20	9.4%	1,901	5.9%	2	4.3%	92	2.7%
Middle	162	76.4%	23,615	73.5%	45	95.7%	3,270	97.3%
Upper	23	10.8%	5,525	17.2%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	212	100.0%	32,119	100.0%	47	100.0%	3,362	100.0%
	By Revenue							
Total \$1 Million or Less	153	72.2%	15,549	48.4%	42	89.4%	2,812	83.6%
Over \$1 Million	59	27.8%	16,570	51.6%	5	10.6%	550	16.4%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	212	100.0%	32,119	100.0%	47	100.0%	3,362	100.0%
	By Loan Size							
\$100,000 or less	157	74.1%	6,919	21.5%	41	87.2%	1,891	56.2%
\$100,001 - \$250,000	18	8.5%	3,376	10.5%	4	8.5%	681	20.3%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	37	17.5%	21,824	67.9%	2	4.3%	790	23.5%
Over \$1 Million (Bus)- \$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	212	100.0%	32,119	100.0%	47	100.0%	3,362	100.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	131	85.6%	5,268	33.9%	37	88.1%	1,491	53.0%
\$100,001 - \$250,000	7	4.6%	1,407	9.0%	3	7.1%	531	18.9%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	15	9.8%	8,874	57.1%	2	4.8%	790	28.1%
Over \$1 Million (Bus)- \$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	153	100.0%	15,549	100.0%	42	100.0%	2,812	100.0%

LOAN DISTRIBUTION TABLE – JEFFERSON COUNTY, WV (2005)

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	1	50.0%	275	48.8%	1	50.0%	275	48.8%
Middle	1	50.0%	289	51.2%	1	50.0%	289	51.2%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	564	100.0%	2	100.0%	564	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	3	75.0%	368	72.4%	1	25.0%	75	14.8%
Middle	1	25.0%	140	27.6%	2	50.0%	293	57.7%
Upper	0	0.0%	0	0.0%	1	25.0%	140	27.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	4	100.0%	508	100.0%	4	100.0%	508	100.0%
	Home Improvement							
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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	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	0	0.0%	0	0.0%	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%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	4	66.7%	643	60.0%	2	33.3%	350	32.6%
Middle	2	33.3%	429	40.0%	3	50.0%	582	54.3%
Upper	0	0.0%	0	0.0%	1	16.7%	140	13.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	6	100.0%	1,072	100.0%	6	100.0%	1,072	100.0%

LOAN DISTRIBUTION TABLE – JEFFERSON COUNTY, WV (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	8	53.3%	261	11.6%	0	0.0%	0	0.0%
Middle	7	46.7%	1,981	88.4%	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%	0	0.0%	0	0.0%
Total	15	100.0%	2,242	100.0%	0	0.0%	0	0.0%
By Revenue								
Total \$1 Million or Less	15	100.0%	2,242	100.0%	0	0.0%	0	0.0%
Over \$1 Million	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	15	100.0%	2,242	100.0%	0	0.0%	0	0.0%
By Loan Size								
\$100,000 or less	11	73.3%	427	19.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	6.7%	150	6.7%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	3	20.0%	1,665	74.3%	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	15	100.0%	2,242	100.0%	0	0.0%	0	0.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	11	73.3%	427	19.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	6.7%	150	6.7%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	3	20.0%	1,665	74.3%	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	15	100.0%	2,242	100.0%	0	0.0%	0	0.0%

CRA APPENDIX C: MAP OF ASSESSMENT AREAS

