

# **PUBLIC DISCLOSURE**

February 22, 2005

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**LEBANON VALLEY FARMERS BANK  
RSSD – 674513  
LEBANON, PENNSYLVANIA**

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

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal Reserve Bank of Philadelphia concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

### INSTITUTION'S CRA RATING

Lebanon Valley Farmers Bank is rated **OUTSTANDING**.

### TABLE OF PERFORMANCE TEST RATINGS

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

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

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

## INSTITUTION

### DESCRIPTION OF INSTITUTION

Lebanon Valley Farmers Bank (Lebanon Valley), headquartered in Lebanon, Pennsylvania, is state chartered as a full-service commercial bank. Through 14 branches in Lebanon, Berks and Schuylkill counties in southeastern Pennsylvania, the bank offers a variety of retail and commercial banking services. Lebanon Valley's customer base consists primarily of individuals and small business and small farm owners, with a concentration in the agriculture industry.

Lebanon Valley is a subsidiary of Fulton Financial Corporation (Fulton), Lancaster, PA, a multi-bank financial holding company with assets of \$11.2 billion as of December 31, 2004. In total, Fulton operates 13 bank subsidiaries in Pennsylvania, New Jersey, Delaware, Virginia and Maryland.

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

<b>Metropolitan Area</b>	<b>County</b>	<b>Number of Branches</b>
Lebanon MSA	Lebanon County, PA	12
Reading MSA	Berks County, PA	1
Non-Metropolitan Area	Schuylkill County, PA	1
<b>Total Branches</b>		<b>14</b>

As of December 31, 2004, Lebanon Valley reported total assets of \$754 million, of which \$504 million, or 67%, were loans. On a dollar volume basis, commercial loans, which include commercial mortgages and commercial and industrial loans, are the most material product offered by the bank. The second most significant product is loans secured by residential property. Agriculture loans, which include loans secured by farmland, loans to finance agricultural production, and other loans to farmers, were also a significant part of the bank's loan portfolio. The following table details Lebanon Valley's loan portfolio as of December 31, 2004.

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<b>LOANS as of 12/31/2004</b>	<b>\$000</b>	<b>%</b>
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Real Estate Secured		
Construction & Land Development	13,815	3
Farm Land	85,245	17
Secured by Residential Property (Open-End)	21,751	4
Secured by Residential Property (Closed-End)	115,154	23
Multi-Family Property	7,195	1
Commercial Mortgages	100,624	20
Other Depository Institutions	10,000	2
Commercial and Industrial	67,877	14
Agriculture	16,754	3
Consumer Loans	39,223	8
Loans to states and political subdivisions	11,171	2
Other Loans	15,559	3
<b>GROSS LOANS</b>	<b>\$504,368</b>	<b>100%</b>

Source: Report of Condition and Income for the period ending December 31, 2004 (Schedule RC-C)

### **DESCRIPTION OF ASSESSMENT AREAS**

For purposes of CRA, Lebanon Valley has designated its assessment area to include all of Lebanon County and adjacent parts of western Berks County and southwestern Schuylkill County. The entire assessment area is situated in southeastern Pennsylvania. Lebanon County, prior to 2004, was part of the Harrisburg-Lebanon-Carlisle metropolitan statistical area (HLC-MSA). Lebanon County is now designated as a separate MSA (Lebanon-MSA). Berks County continues to be designated as the Reading MSA. Schuylkill County remains a non-metropolitan area, but is now designated as the Pottsville, PA micropolitan statistical area.

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

### **SCOPE OF EXAMINATION**

Lebanon Valley's CRA performance was evaluated for the period from December 10, 2002, through February 22, 2005. The lending, investment, and service tests were applied in assessing the bank's performance under CRA, pursuant to the Interagency Procedures and Guidelines for Large Retail Institutions. Under the lending test, loan products evaluated included home purchase and home-improvement loans and refinancings of such loans (collectively titled HMDA loans), small business loans, 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, 2003 through September 30, 2004. Lebanon Valley's HMDA, small business and small farm loans were compared to the aggregate of all lenders in the bank's assessment areas reporting HMDA loans pursuant to HMDA, and small business and small farm loans pursuant to CRA. This data is reported annually, and the most recent year for which information is available is 2003. Community development loans reviewed covered the entire evaluation period.

For purposes of evaluating the geographic distribution of loans, geographies were classified on the basis of 2000 U.S. Census data. However, in 2004, changes were made to the OMB's<sup>1</sup> metropolitan area designations which caused some census tracts in Lebanon County to be reclassified as low-, moderate-, middle-, or upper-income. The OMB changes also resulted in Lebanon County being designated as a separate metropolitan statistical area (Lebanon-MSA).<sup>2</sup> The resulting changes in the overall percentages used to develop proxies for demand on which the geographical evaluation of HMDA mortgage and CRA small business and small farm data are based required a separate analysis for 2003 and 2004 loan data.<sup>3</sup>

In Berks County, no changes were made to the OMB's metropolitan area designation so all loan data is evaluated using 2004 designations. In addition, although Schuylkill County is now identified as the Pottsville, PA micropolitan statistical area, no other changes were made to the metropolitan area designation so all loan data is evaluated using 2004 designations. (The name change simply identifies the city of Pottsville as an "urban cluster". An urban cluster signifies an area within a county having a population of at least 10,000, but less than 50,000.)

The distribution of loans to borrowers of different income levels was based upon annually adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD). The most recent year for which median family income data is available is 2004. All other demographic indices and statistics presented throughout this evaluation are based on 2000 U.S. Census data using 2004 OMB designations unless otherwise noted.

A substantial majority of the bank's lending and operations are in Lebanon County. As such, a full review of the bank's performance in this assessment area was performed. Limited reviews of the bank's CRA performance were conducted for the Reading MSA and the Pottsville, PA micropolitan statistical area.

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

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<sup>1</sup> 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 Office of Management and Budget (OMB) defines metropolitan areas (MAs) for use in Federal statistical activities.

<sup>2</sup> Prior to 2004, the Harrisburg-Lebanon-Carlisle MSA included Cumberland, Dauphin, Lebanon and Perry counties. Following the 2004 OMB changes, the MSA was designated as the Harrisburg-Carlisle MSA and includes Cumberland, Dauphin and Perry counties only. A new MSA was created for Lebanon County.

<sup>3</sup> 2003 loan data was analyzed using 2003 OMB designations. 2004 loan data was analyzed using 2004 OMB designations.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

**LENDING TEST**

Performance under the lending test is assessed as outstanding.

**Lending Activity**

Bank lending levels reflect excellent responsiveness to assessment area credit needs. As of December 31, 2004, net loans represented 66% of total assets. The bank's national peer group average is 68%.<sup>4</sup> Lebanon Valley's loan-to-deposit ratio measured 83% as of December 31, 2004, compared to a peer group average of 85%.

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

<b>Exhibit #1</b>								
<b>Lending Inside and Outside the Assessment Area</b>								
<b>Loan Type</b>	<b>Inside</b>				<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Home Improvement	570	95.2	\$16,547	95.2	29	4.8	\$828	4.8
Home Purchase	402	85.7	35,354	81.4	67	14.3	8,102	18.6
Home Purchase – FHA	10	83.3	934	83.8	2	16.7	180	16.2
Multi-Family Housing	4	80.0	2,481	95.6	1	20.0	114	4.4
Refinancing	1,175	93.5	76,558	89.3	82	6.5	9,215	10.7
<b>Total HMDA</b>	<b>2,161</b>	<b>92.3</b>	<b>\$131,874</b>	<b>87.7</b>	<b>181</b>	<b>7.7</b>	<b>\$18,439</b>	<b>12.3</b>
Small Business	728	91.7	114,400	88.8	66	8.3	14,408	11.2
<b>Total Small Business</b>	<b>728</b>	<b>91.7</b>	<b>\$114,400</b>	<b>88.8</b>	<b>66</b>	<b>8.3</b>	<b>\$14,408</b>	<b>11.2</b>
Small Farm	658	86.2	46,135	85.8	105	13.8	7,643	14.2
<b>Total Small Farm</b>	<b>658</b>	<b>86.2</b>	<b>\$46,135</b>	<b>85.8</b>	<b>105</b>	<b>13.8</b>	<b>\$7,643</b>	<b>14.2</b>
<b>TOTAL LOANS</b>	<b>3,547</b>	<b>91.0</b>	<b>\$292,409</b>	<b>87.8</b>	<b>352</b>	<b>9.0</b>	<b>\$40,490</b>	<b>12.2</b>

<sup>4</sup> Lebanon Valley's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion.

**Commercial Loans**

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

Schedule RC-C Part II (Loans to Small Businesses and Small Farms) of the bank's Consolidated Reports of Condition and Income as of June 30, 2004, indicates that 60% of commercial loans were designated as small business loans, as detailed in the following chart.

<b>LEBANON VALLEY FARMERS BANK COMMERCIAL LOAN PORTFOLIO</b>		
	<b>AMOUNT OUTSTANDING AS OF 6/30/2004 (\$000)</b>	<b>PERCENT</b>
<b>Loans with original amounts of \$100,000 or less</b>	\$14,310	8
<b>Loans with original amounts of more than \$100,000 through \$250,000</b>	24,855	15
<b>Loans with original amounts of more than \$250,000 through \$1,000,000</b>	63,425	37
<b>TOTAL SMALL BUSINESS LOANS</b>	\$102,590	60%
<b>Loans with original amounts of greater than \$1,000,000</b>	68,175	40
<b>Total Commercial Loans</b>	\$170,765	100%

**Lending to Farms of Different Sizes**

For purposes of this evaluation, farm loans are defined as loans secured by farmland, loans to finance agricultural production, and other loans to farmers. A small farm loan is defined as a farm loan with an origination amount of \$500 thousand or less. Small farm loans are further quantified to identify those loans to farms with gross annual revenues of \$1 million or less. Schedule RC-C Part II, as of June 30, 2004, indicates that 67% of farm loans were designated as small farm loans, as detailed in the following chart.

<b>LEBANON VALLEY FARMERS BANK FARM LOAN PORTFOLIO</b>
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<b>LEBANON VALLEY FARMERS BANK FARM LOAN PORTFOLIO</b>		
	<b>AMOUNT OUTSTANDING AS OF 6/30/2004 (\$000)</b>	<b>PERCENT</b>
<b>Loans with original amounts of \$100,000 or less</b>	\$14,894	15
<b>Loans with original amounts of more than \$100,000 through \$250,000</b>	23,457	23
<b>Loans with original amounts of more than \$250,000 through \$500,000</b>	29,614	29
<b>TOTAL SMALL FARM LOANS</b>	\$67,965	67%
<b>Loans with original amounts of more than \$500,000</b>	34,278	33
<b>TOTAL FARM LOANS</b>	\$102,243	100%

### **COMPLIANCE WITH FAIR LENDING LAWS**

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

## FULL REVIEW ASSESSMENT AREA CONCLUSIONS

### LEBANON, PA METROPOLITAN STATISTICAL AREA

#### DESCRIPTION OF ASSESSMENT AREA

Lebanon County is situated in southeastern Pennsylvania. According to 2000 Census data, the county was part of the Harrisburg-Lebanon-Carlisle MSA and consisted of 29 geographies. Of the 29 geographies, 1 geography was low-income, 4 were moderate-income, 21 middle-income and 3 upper-income. The 1 low-income and 3 of the moderate-income geographies were located in the city of Lebanon. The fourth moderate-income geography was located in Pleasant Hill, a town adjacent to the city of Lebanon on its southwest border. Seventeen percent of the county's population resided within these 5 low- and moderate-income geographies.

Following the 2004 OMB changes, Lebanon County was designated as a separate MSA (Lebanon PA-MSA) and is no longer part of the Harrisburg-Lebanon-Carlisle MSA. Of the 29 geographies in the county, now there are no low-income, 4 are moderate-income, 21 are middle-income and 4 are upper-income. All 4 of the moderate-income geographies are located in the city of Lebanon and 14% of the county population resides within these 4 geographies.<sup>5</sup>

Lebanon Valley's performance was evaluated in terms of the demographic and business context in which the bank operates. According to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposits as of June 30, 2004<sup>6</sup>, there were 9 depository institutions operating in Lebanon County. These 9 institutions maintained a total of 49 branches holding \$1.5 billion in deposits. During the evaluation period, Lebanon Valley operated 13 of these branches with \$533 million in deposits, or 85% of the bank's total deposits. The bank ranked first in Lebanon County, controlling 35% of the retail deposit market share.

Lebanon Valley's HMDA loans were compared to the aggregate of all lenders in the county reporting real estate loans pursuant to HMDA. This data is reported annually, and the most recent year for which information was available is 2003, when there were a total of 268 HMDA reporters. According to the 2003 data, Lebanon Valley is the largest HMDA loan originator in Lebanon County with 13% of all such loan originations and purchases. Waypoint Bank, Jonestown Bank and Trust, and Northwest Savings Bank were ranked 2<sup>nd</sup> through 4<sup>th</sup>, with 5% of the market each. Lebanon Valley also ranks 1<sup>st</sup> among small business lenders operating in Lebanon County with 17.4% of the market. Capitol One FSB is ranked 2<sup>nd</sup>, with 17.0% of the market. There were a total of 46 small business reporters in Lebanon County in 2003.

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<sup>5</sup> As a result of the 2004 OMB changes, Lebanon County's one low-income geography became a moderate-income geography, and the moderate-income geography located in Pleasant Hill became a middle-income geography. In addition, the one middle-income geography in Pleasant Hill became an upper-income geography.

<sup>6</sup> June 30, 2004 is the most recent date for which FDIC deposit data is available.

## **ECONOMIC CHARACTERISTICS**

The Harrisburg-Lebanon-Carlisle MSA supports a diversified group of manufacturers, transport companies, wholesale and retail merchandisers and service businesses. In addition, the city of Harrisburg, located in Dauphin County, is Pennsylvania's state capitol and state government is the largest employer in the metropolitan statistical area. The largest private sector employers include Hershey Foods Corporation, Pennsylvania Blue Shield/Highmark, Naval Support Activity of Mechanicsburg, and Tyco Electronics. Overall, area unemployment remains low; housing costs are low relative to other eastern metropolitan statistical areas; state government lends long-term stability to the area; and the industry base is sufficiently diverse to support anticipated growth.

The city of Lebanon is the largest urban center in Lebanon County and also serves as the county seat. Between 1960 and 2000, the city's population declined. The most important factor in this downward trend was the demise of the city's once strong industrial base. Large employers such as Bethlehem Steel left the city. The reduction of Lebanon's industrial base has not only affected the city's population but has negatively impacted the cost and condition of the housing stock. As the number of higher paying industrial jobs fell, younger families moved to other areas seeking employment. Those who remained in the city were older residents. The Commonwealth of Pennsylvania designated the city of Lebanon as a Keystone Opportunity Zone.

While the city population decreased, the county population has increased steadily (5% from 1990 to 2000). Agriculture plays a large role in the county's economy. Major private sector employers in Lebanon County include Good Samaritan Hospital, Philhaven Hospital, Tyco Electronics Corporation, and Ingram Micro. The U.S. Department of Military and Veteran Affairs is the largest employer. County residents also commute to jobs located in neighboring counties, mainly to the cities of Harrisburg and Hershey. Hershey is headquarters for Hershey Foods Corporation, the largest private sector employer in the Harrisburg-Lebanon-Carlisle-MSA. Both Harrisburg and Hershey are located in neighboring Dauphin County.

According to the Bureau of Labor Statistics, the unemployment rate for Lebanon County was 3.4% in December 2004. Its unemployment rate remains one of the lowest in the state. For comparison purposes, the unemployment rates for Lebanon County, the MSA counties and the state are presented in the table below.

	<b>December 2004</b>	<b>December 2003</b>
Lebanon County	3.4%	2.9%
Dauphin County	3.5%	3.5%
Cumberland County	2.6%	2.6%
Perry County	4.8%	4.0%
Pennsylvania	5.1%	4.7%

In February 2004, the Consumer and Community Affairs Department of the Federal Reserve Bank of Philadelphia published a report titled "Community Profile for Lenders: Harrisburg-Lebanon-Carlisle MSA".

The report provides information and insights into the perceived credit needs and opportunities in the MSA. Information in the Profile was obtained from interviews and contacts with bankers, community organizations, and local government officials.

The report also includes pertinent demographic and economic data regarding the MSA. In the report, community leaders indicated a need for: (1) first-time homebuyer loan programs for low- and moderate-income families, including credit and homeownership counseling; (2) small consumer loans marketed to low- and moderate-income homeowners; (3) checking and savings accounts priced for low- and moderate-income families; and (4) operational funding for area non-profits and community development organizations.

## **HOUSING**

Lebanon County contains 49,320 housing units, of which 69% are owner-occupied and 26% are rental units. According to 2000 Census data, 35% of housing units in the County's low-income geography are owner-occupied, while rental units account for 55% of all housing. In the moderate-income geographies, 50% of housing units are owner-occupied, while rental units account for 42% of all housing. Following the 2004 OMB changes, the level of owner-occupancy in moderate-income geographies decreased to 45%, while rental units now account for 46% of housing in these geographies. Due to OMB changes, there are currently no low-income geographies in Lebanon County. The overall owner-occupancy rate for the state of Pennsylvania is 65%.

The percentage of owner-occupied housing units contained within designated geographies is used as a proxy to estimate demand for residential mortgage lending within such geographies. An analysis of owner-occupied housing units, compared to the number of total available housing units for each geographic designation, shows that just 2% of all owner-occupied units were located in the assessment area's low-income geography and 13% were in moderate-income geographies. The majority of owner-occupied units (70%) were located in middle-income geographies and 15% were in upper-income geographies. Following the 2004 OMB changes, 12% of all owner-occupied units are located in moderate-income geographies, 69% are in the middle-income geographies and 19% are in upper-income geographies.

Single-family houses comprise 76% of all housing units in Lebanon County, while two-to-four-family units comprise 11%, multi-family units comprise 8%, and mobile homes 6%. The median age of the housing stock is 43 years, the same as the median age in the state. Median rent in the assessment area is \$470, with 27% of renters paying more than 30% of their income for housing.

According to 2000 Census data, the median housing value in the assessment area is \$99,192. There is some disparity between the median housing values in the upper-income (\$127,723) and middle-income (\$103,651) geographies, and that in low-income (\$45,349) and moderate-income (\$67,016) geographies. Of the total owner-occupied housing units, 51% are valued at less than \$100 thousand, indicating that housing in this assessment area is more affordable than in other eastern metropolitan areas. In the state, 54% of housing units are valued at less than \$100 thousand.

Following the 2004 OMB changes, the median housing value in the assessment area remained at \$99,192, however, median housing values changed in each geography type. The housing value in upper-income geographies increased to \$130,893 but decreased in both middle-income (\$100,300) and moderate-income (\$61,004) geographies.

### **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 the assessment area was \$48,742, compared to \$49,184 for the state. In 2004, the adjusted median family income for the Lebanon MSA, as reported by HUD, increased to \$56,700.

According to 2000 Census data, 19% of families in the assessment area are designated as low-income and 21% are moderate-income. Families living below the poverty level represent 5% of the total families in the assessment area. Following the 2004 OMB changes, 17% of families are designated as low-income and 20% are moderate-income. Families living below the poverty level remained at 5% of total families. In the state, 8% of families live below the poverty level.

### **GEOGRAPHIC BUSINESS DATA**

The percentage of businesses located within designated geographies is used as a proxy to estimate demand for small business credit within such geographies. According to Dun and Bradstreet, there are 3,897 businesses in Lebanon County. Of those businesses, 3% are located in the low-income geography and 17% are located in the moderate-income geographies. The large majority of businesses (70%) are located in middle-income geographies and 10% are located in upper-income geographies. Following the 2004 OMB changes, 17% of businesses in the assessment area are located in moderate-income geographies, 68% are in middle-income geographies and 15% are in upper-income geographies.

The percentage of farms located within designated geographies is used as a proxy to estimate demand for small farm credit within such geographies. According to Dun and Bradstreet, there are 316 farms operating in Lebanon County. Of these farms, none are located in the low-income geography and 1% are located in the moderate-income geographies. The majority of farms (91%) are located in middle-income geographies and 8% were located in upper-income geographies. Following the 2004 OMB changes, 1% of farms in Lebanon County are located in moderate-income geographies, 85% are in middle-income geographies and 14% are in upper-income geographies.

The demographics used to assess the performance context in which Lebanon Valley operates are detailed in the following table:

Assessment Area Demographics								
Assessment Area: Harrisburg-Lebanon-Carlisle MSA (2003)								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	3.4	960	2.9	161	16.8	6,135	18.7
Moderate-income	4	13.9	4,802	14.6	657	13.7	7,070	21.5
Middle-income	21	72.4	22,525	68.5	887	3.9	8,434	25.6
Upper-income	3	10.3	4,603	14.0	65	1.4	11,251	34.2
<b>Total Assessment Area</b>	<b>29</b>	<b>100.0</b>	<b>32,890</b>	<b>100.0</b>	<b>1,770</b>	<b>5.4</b>	<b>32,890</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	1,742	603	1.8	34.6	954	54.8	185	10.6
Moderate-income	8,452	4,250	12.5	50.3	3,560	42.1	642	7.6
Middle-income	32,945	23,769	70.2	72.1	7,427	22.5	1,749	5.3
Upper-income	6,181	5,241	15.5	84.8	747	12.1	193	3.1
<b>Total Assessment Area</b>	<b>49,320</b>	<b>33,863</b>	<b>100.0</b>	<b>68.7</b>	<b>12,688</b>	<b>25.7</b>	<b>2,769</b>	<b>5.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	99	2.5	80	2.4	12	3.5	7	3.8
Moderate-income	673	17.3	580	17.2	55	16.2	38	20.6
Middle-income	2,744	70.4	2,370	70.2	250	73.8	124	67.0
Upper-income	381	9.8	343	10.2	22	6.5	16	8.6
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3,897</b>	<b>100.0</b>	<b>3,373</b>	<b>100.0</b>	<b>339</b>	<b>100.0</b>	<b>185</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>86.6</b>		<b>8.7</b>		<b>4.7</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0
Moderate-income	3	0.9	3	1.0	0	0.0	0	0
Middle-income	286	90.6	280	90.3	6	100.0	0	0
Upper-income	27	8.5	27	8.7	0	0.0	0	0
Unknown income	0	0.0	0	0.0	0	0.0	0	0
<b>Total Assessment Area</b>	<b>316</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0</b>
	<b>Percentage of Total Farms:</b>			<b>98.1</b>		<b>1.9</b>		<b>0.0</b>

EXHIBIT # 3

Assessment Area Demographics								
Assessment Area: Lebanon, PA MSA (2004)								
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	5,492	16.7
Moderate-income	4	13.8	4,919	15.0	723	14.7	6,544	19.9
Middle-income	21	72.4	22,208	67.5	932	4.2	8,292	25.2
Upper-income	4	13.8	5,763	17.5	115	2.0	12,562	38.2
<b>Total Assessment Area</b>	<b>29</b>	<b>100.0</b>	<b>32,890</b>	<b>100.0</b>	<b>1,770</b>	<b>5.4</b>	<b>32,890</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	8,914	4,042	11.9	45.3	4,097	46.0	775	8.7
Middle-income	32,555	23,489	69.4	72.2	7,363	22.6	1,703	5.2
Upper-income	7,851	6,332	18.7	80.7	1,228	15.6	291	3.7
<b>Total Assessment Area</b>	<b>49,320</b>	<b>33,863</b>	<b>100.0</b>	<b>68.7</b>	<b>12,688</b>	<b>25.7</b>	<b>2,769</b>	<b>5.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	654	16.8	566	16.8	57	16.8	31	16.9
Middle-income	2,659	68.2	2,285	67.7	241	71.1	133	71.9
Upper-income	584	15.0	522	15.5	41	12.1	21	11.4
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>3,897</b>	<b>100.0</b>	<b>3,373</b>	<b>100.0</b>	<b>339</b>	<b>100.0</b>	<b>185</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>86.6</b>		<b>8.7</b>		<b>4.7</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	3	0.9	3	1.0	0	0.0	0	0.0
Middle-income	270	85.4	264	85.3	6	100.0	0	0.0
Upper-income	43	13.7	43	13.9	0	0.0	0	0.0
Unknown income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>316</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>98.1</b>		<b>1.9</b>		<b>0.0</b>

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

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

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

Performance under the lending test is outstanding in the Lebanon County assessment area.

### **Geographic Distribution**

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different geographies within Lebanon County. The analysis reflected good penetration throughout the assessment area, including low- and moderate-income geographies.<sup>7</sup>

#### Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated geographies is used as a proxy to estimate demand for residential mortgage lending within such geographies. A lower level of owner-occupied units limits the bank's lending opportunities in those geographies. According to 2000 census data, 2% of all owner-occupied units are located in Lebanon County's one low-income geography and 13% of owner-occupied units are in the four moderate-income geographies. The majority of owner-occupied units (70%) are located in middle-income and 15% are in upper-income geographies. By comparison, during 2003 1% of Lebanon Valley's home mortgage loans were originated in low-income geographies and 11% were originated in moderate-income geographies.

Following the 2004 OMB changes there are no low-income geographies in Lebanon County, and 12% of all owner-occupied housing units are located in the assessment area's four moderate-income geographies. By comparison, during 2004 11% of Lebanon Valley's home mortgage loans were originated in moderate-income geographies.

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<sup>7</sup>The information used to evaluate Lebanon Valley's lending activity in its assessment areas is detailed in the CRA LOAN DISTRIBUTION TABLES contained in Appendix B. The tables show HMDA, small business and small farm loans originated by the bank.

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The bank's overall home mortgage lending in Lebanon County is good, despite obstacles to lending created by an aging population. More than 16% of the population residing in low- and moderate-income geographies are aged 65 and over. Many of these senior citizens already own homes, or live in senior citizen housing complexes, and do not purchase or need to refinance their homes. Moreover, the bank made several community development loans and investments which enhance the availability of affordable housing for seniors residing in the assessment area. For details related to these loans and investments, refer to the **Community Development Lending** and the **Investment Test** sections of this Public Evaluation starting on page 19.

#### *Geographic Distribution in Relation to Market Performance*

Lebanon Valley's home mortgage lending was compared to all lenders operating in Lebanon County in 2003.<sup>8</sup> While 2% of owner-occupied housing units are located in the low-income geography, 1% of all home mortgage loans made in Lebanon County were made in that geography. The aggregate HMDA data indicates there were few lending opportunities for any banks operating in the low-income geography. For Lebanon Valley, 1% of its loans were originated in the low-income geography.

Moderate-income geographies contained 13% of all owner-occupied housing units, and 11% of all home mortgage loans made in Lebanon County were made in moderate-income geographies. By comparison, 11% of Lebanon Valley's loans were originated those geographies, indicating that the bank performed about the same as the market in these geographies.

#### Small Business Lending

An analysis of the geographic distribution of small business loans was conducted to determine the dispersion of these loans among different geographies within the bank's assessment area. Penetration throughout the assessment area was excellent, including bank lending in low- and moderate-income geographies.

In 2003, Lebanon Valley originated 316 small business loans, in an aggregate amount of \$49.1 million. A comparison of the number of small business loans originated in each type of geography to the number of businesses located in each type of geography demonstrates the bank's commitment to making credit available to its entire community. Business demographics revealed that there were a total of 3,897 businesses within the assessment area. Lebanon Valley's extension of credit to these businesses shows that low-income geographies received 3% of small business loans, while 3% of businesses are located in these geographies. Moderate-income geographies received 18% of small business loans, while 17% of businesses are located in these geographies. Middle-income geographies received 74% of small business loans, while 70% of businesses are located in these geographies. Upper-income geographies received 5% of small business loans for their 10% share of businesses.

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<sup>8</sup> 2003 is the most recent year for which aggregate home mortgage loan data is available.

In 2004, Lebanon Valley originated 288 small business loans, in an aggregate amount of \$48.7 million. The bank's extension of credit to these businesses shows that moderate-income geographies received 17% of small business loans, while 17% of businesses are located in these geographies. Middle-income geographies received 72% of small business loans, while 68% of businesses are located in these geographies. Upper-income geographies received 11% of small business loans for their 15% share of businesses.

### *Geographic Distribution in Relation to Market Performance*

Lebanon Valley's small business lending was compared to all lenders operating in Lebanon County in 2003.<sup>9</sup> Aggregate data shows that 2% of all small business loans made in the assessment area were made in the low-income geography while 3% of all businesses are located in that geography. In addition, 14% of all small business loans made in the assessment area were made in moderate-income geographies, while 17% of all businesses are located in moderate-income geographies. Lebanon Valley performed better than the market in these geographies in 2003, extending 3% of their small business loans in the low-income geography and 18% in moderate-income geographies.

### **Small Farm Lending**

An analysis of the geographic distribution of small farm loans was conducted to determine the dispersion of these loans among different geographies within the bank's assessment area. The analysis reflected good penetration throughout the assessment area.

In 2003, Lebanon Valley originated 261 small farm loans in Lebanon County, in an aggregate amount of \$17.2 million. A comparison of the number of small farm loans originated in each type of geography to the number of farms located in each type of geography demonstrates the bank's commitment to making credit available to its entire community. Business demographics revealed that there were a total of 316 farms within Lebanon County. Lebanon Valley's extension of credit to these farms shows that middle-income geographies received 95% of small farm loans, while 91% of farms are located in these geographies. Upper-income geographies received 5% of small farm loans, while 9% of farms are located in these geographies. The bank originated no small farm loans in low- or moderate-income geographies. However, there are no farms located in Lebanon County's low-income geography and less than 1% of farms are located in the moderate-geographies.

In 2004, Lebanon Valley originated 201 small farm loans in Lebanon County, in an aggregate amount of \$12.7 million. The bank's extension of credit to farms shows that middle-income geographies received 94% of small farm loans, while 85% of farms are located in these geographies. Upper-income geographies received 6% of small farm loans, while 14% of farms are located in these geographies. The bank originated no small farm loans in moderate-income geographies, although less than 1% of farms are located in these geographies.

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<sup>9</sup> 2003 is the most recent year for which aggregate small business loan data is available.

The bank's geographic distribution of small farm loans is deemed reasonable given the makeup of Lebanon County. All of the county's moderate-income geographies are located in the city of Lebanon, an urban area with limited opportunities for small farm lending.

#### *Geographic Distribution in Relation to Market Performance*

Lebanon Valley's small farm lending was compared to all lenders operating in Lebanon County in 2003.<sup>10</sup> Aggregate data shows that there were no small farm loans made in low- or moderate-income geographies by any lenders, including Lebanon Valley. However, when comparing Lebanon Valley's farm lending to all lenders in the market, it is important to note that of the total 408 small farm loans originated in Lebanon County in 2003, more than half (261 loans, or 64%) were originated by Lebanon Valley. The bank is a leader in small farm lending in this market.

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

An analysis of HMDA, small business and small farm lending data was conducted in conjunction with a review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different income levels and to businesses and farms of different sizes.

##### Lending to Borrowers of Different Income Levels

An analysis of Lebanon Valley's distribution of home mortgage loans to low- and moderate-income borrowers shows that in 2003, 14% of the bank's HMDA loans were to low-income borrowers, while 19% of families in the assessment area were designated as low-income. Thirty one percent of the bank's home mortgage loans were to moderate-income borrowers, while 22% of families were designated as moderate-income.

In 2004, 13% of the bank's home mortgage loans were to low-income borrowers, while 17% of families in the assessment area were designated as low-income. Twenty two percent of the bank's home mortgage loans were to moderate-income borrowers, while 20% of families were designated as moderate-income.

The bank's overall distribution of loans reflects excellent penetration among retail customers of different income levels, and is enhanced by the bank's participation in innovative and flexible lending programs which address the specific credit needs of low- and moderate-income borrowers. Most notably, the bank participates in the Lebanon County First-Time Homebuyers Program. The program, administered through the Lebanon County Redevelopment Authority, offers down payment and closing cost assistance, lower fees, zero points, and a first-time homebuyer training program.

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<sup>10</sup> 2003 is the most recent year for which aggregated small farm loan data is available.

To be eligible for the program, the property must be a single family home located in Lebanon County, and the applicant's income must be at or below 80% of median area income. Since the previous evaluation, Lebanon Valley has originated ten loans under this program, aggregating \$582,400.

#### *Borrower Distribution in Relation to Market Performance*

Lebanon Valley's home mortgage lending was compared to all lenders operating in Lebanon County in 2003. The analysis shows that while 19% of families in the assessment area were considered low-income, 9% of all home mortgage loans originated in Lebanon County were originated to low-income borrowers. By comparison, 14% of Lebanon Valley's home mortgage loans were originated to low-income borrowers. In addition, while 22% of families are considered moderate-income, 23% of all home mortgage loans were originated to moderate-income borrowers. By comparison, 31% of Lebanon Valley's home mortgage loans were originated to moderate-income borrowers. Lebanon Valley performed significantly better than the market with both low- and moderate-income borrowers.

#### *Lending to Businesses of Different Sizes*

An analysis of small business lending data was conducted to determine the extent of lending to businesses of different sizes, particularly small businesses. Lebanon Valley's distribution of loans reflects excellent penetration among business customers of different sizes.

Lebanon Valley'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. During the evaluation period, the bank originated 604 loans aggregating \$97.8 million. Of these loans, 339 loans, or 56%, 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 32% of all small business loans originated in Lebanon County were to businesses with gross annual revenues of \$1 million or less.

Further, of the 604 small business loans originated by the bank, 370 loans, or 61% were extended in an amount of \$100 thousand or less. Since smaller loan amounts are generally commensurate with the borrowing needs of smaller businesses, Lebanon Valley's lending activity demonstrates that the bank is meeting the credit needs of such businesses.

#### *Lending to Farms of Different Sizes*

An analysis of small farm lending data was conducted to determine the extent of lending to farms of different sizes, especially small farms. Lebanon Valley extended a significant number of small farm loans since the previous evaluation and the distribution of these loans reflects excellent penetration among farms of different sizes.

Lebanon Valley's small farm lending was analyzed to determine whether loans were made to small farms. A small farm is defined as a farm with gross annual revenues of \$1 million or less. During the evaluation period, the bank originated 462 loans, aggregating \$29.9 million. Of these loans, 452 loans, or 98%, were originated to farms with gross annual revenues of \$1 million or less. By comparison, a review of all lenders in the market shows that 84% of all small farm loans were to farms with gross annual revenues of \$1 million or less.

Loans originated in amounts of \$100 thousand or less represented the largest component of small farm loans extended by Lebanon Valley. Of the 462 loans originated by the bank, 82% were extended in an amount of \$100 thousand or less. Since smaller loan amounts are generally commensurate with the borrowing needs of smaller farms, the bank's lending profile reflects an excellent response to the small farm credit needs of the assessment area.

Agriculture is a significant part of the local economy. In response to this, the bank supports an established agricultural lending group with responsibility for maintaining loan and deposit relationships with farmers and agricultural business entities. To enhance its small farm lending profile, the bank offers a flexible and innovative small farm loan product specifically designed to meet the needs of small farmers. Lebanon Valley's *Farm Start Loan Program* offers loans to first-time farmers. The loan product offers discounted interest rates and an interest only loan payment period for up to six months after the loan is originated. Loans must be used for livestock, farm machinery and equipment, or crops. Under this program, the bank originated eight loans, aggregating \$467 thousand, during the evaluation period. This loan program gives small farmers greater access to banking credit in the assessment area.

Lebanon Valley also offers lease financing to small farms for farming machinery or equipment. Leasing provides a financing alternative for small farms in the bank's assessment area. As of February 28, 2005, lease financings aggregated \$1.4 million.

### **Community Development Lending**

Lebanon Valley is a leader in making community development loans in its Lebanon County assessment area. During the period evaluated, the bank originated four community development loans, totaling \$5.5 million. Two of the loans, aggregating \$4.7 million, supported affordable housing initiatives in Lebanon County. Two additional loans, aggregating \$800 thousand, supported organizations that provide community development services to low- and moderate-income residents.

### **Investment Test**

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

Performance under the investment test is assessed as high satisfactory in the Lebanon County assessment area.

### **Volume of Investment and Grant Activity**

A review of investment activity revealed that Lebanon Valley has a significant level of qualified community development investments and grants. The bank is occasionally in a leadership position, particularly by providing investments that are not routinely provided by other financial institutions. Overall, community development investments aggregated \$1.5 million.

Three investments, totaling \$1.1 million, are affordable housing projects which combined, provide 83 units of housing for low- and moderate-income elderly residents and families in Lebanon County. Two of the housing projects are located in the city of Lebanon, and a third project is in the borough of Palmyra. These investments, which were recognized in previous evaluations and remain outstanding, address a specified demographic need in the bank's assessment area by providing affordable housing for seniors. According to both demographic data and community contacts, there is a market demand in Lebanon County for affordable housing for the elderly. More than 16% of area residents are over 65 years of age and many of the elderly are long-time residents of the area and have limited or fixed incomes.

Lebanon Valley has three additional qualified investments, aggregating \$444 thousand, which benefit the bank's assessment area by supporting affordable housing for low- and moderate-income families through a broader statewide initiative that includes the bank's assessment areas.

In addition to qualified investments, the bank made grants and contributions to various local organizations that routinely provide community and economic development services that benefit low- and moderate-income individuals and geographies within its assessment area. During the period evaluated, the bank made approximately \$40 thousand in qualified grants and contributions.

Of Lebanon Valley's total investments, 97% supports affordable housing and the remaining 3% supports economic development and community development services in the Lebanon County assessment area.

### **Responsiveness to Credit and Community Development Needs**

Overall, Lebanon Valley has demonstrated good responsiveness to credit and community economic development needs through the use of investments to support community development initiatives. Qualified investments are mainly tailored to the needs of particular geographic areas. Specifically, a majority of the bank's investments promote affordable housing for the elderly in Lebanon County.

### **Use of Innovative and Complex Investments to Support Community Development Initiatives**

Lebanon Valley made use of innovative and complex investments to support community development initiatives. The bank has made equity investments in three affordable housing projects as a limited partner, in conjunction with a local community group. The bank was instrumental in establishing this collaboration.

### **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 branches and alternative delivery mechanisms;
- The impact of changes in branch locations upon low- and moderate-income geographies and/or low- and moderate-income persons in the assessment area;
- The reasonableness of business hours and services in meeting assessment area needs; and
- The extent to which an institution provides community development services.

Performance under the service test is assessed as high satisfactory in the Lebanon County assessment area.

### **Accessibility of Delivery Systems**

Bank delivery systems are accessible to essentially all portions of the assessment area. Lebanon Valley currently operates 12 branches in Lebanon County. One branch is located in a moderate-income geography. In addition, the bank operates 14 automated teller machines (ATMs) through a 24-hour banking network that provides electronic access to banking services through a network of ATMs. Eleven of the ATMs are maintained at current branch locations, including the moderate-income branch. An additional 3 ATMs are at remote locations in Lebanon County, 1 in a moderate-income geography.

The following table details the geographic distribution of the bank's branches and ATMs.

Geography	Number of Branches	Percent	Number of ATMs	Percent
Low-income	0	0	0	0
Moderate-income	1	8	2	14
Middle-income	10	84	11	79
Upper-income	1	8	1	7
<b>Totals</b>	<b>12</b>	<b>100%</b>	<b>14</b>	<b>100%</b>

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

To augment traditional banking services, Lebanon Valley offers online banking to its customers at [www.lvfb.com](http://www.lvfb.com). The service allows customers to verify account balances, make transfers between accounts, pay bills, place stop-payments, and apply for certain consumer loans online. Bank customers can also bank by telephone. This service allows customers to verify account balances, make transfers between accounts, pay bills, and place stop-payments.

### **Changes in Branch Locations**

To the extent changes have been made, Lebanon Valley's record of opening and closing branches in Lebanon County has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies, or to low- and moderate-income individuals. The bank closed one branch since the previous evaluation. The Lebanon Plaza branch, located in an upper-income geography in Lebanon County, was consolidated into the bank's Cedar Crest branch which is located a half mile from Lebanon Plaza. Lebanon Valley has not opened any new branches since its previous CRA evaluation.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

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

### **Community Development Services**

Lebanon Valley is a leader in providing community development services in the Lebanon County assessment area. Most notable are the following.

- A bank officer is a member of the Affordable Housing Council of Lebanon County. The council was established primarily to provide training for first-time homebuyers. In addition, bank personnel participate on a regular basis in first-time homebuyer workshops conducted through the council.



A substantial majority of the workshop participants are low- and moderate-income individuals recommended to the program through the Lebanon County Redevelopment Authority or the City of Lebanon's First-Time Homebuyer Program.

- A bank officer serves on the city of Lebanon's Loan Review Committee. The committee reviews low-interest loan requests from both small business property owners and homeowners for code violation work on properties located in the city of Lebanon. The funds are made available to the city through block grants from the Commonwealth of Pennsylvania's Office of Community Development.
- A bank officer serves on the board of directors of the Community of Lebanon Association. The association was established to revitalize and enhance the economic, cultural and quality of life standards of Lebanon. The city of Lebanon consists of five geographies, four of which are moderate-income and one middle-income.
- A bank officer serves on a sub-committee supporting the activities of Habitat for Humanity of Lebanon County. Habitat for Humanity builds and rehabilitates homes for low- and moderate-income families in Lebanon County.
- A bank officer serves on the board of directors of the Lebanon Valley Economic Development Corporation. The corporation reviews and approves applications for state-sponsored financing such as the Small Business First Program and the Pennsylvania Industrial Development Association which promotes small business ownership. A bank officer also sits on the corporation's finance committee.

In an effort to address the needs of small farms in its assessment area, bank employees are involved in numerous farming organizations and programs around the Commonwealth of Pennsylvania. Most notably:

- A bank officer serves on the Agriculture Development Advisory Board for the Department of Environmental Protection (DEP). DEP is the state agency largely responsible for administering Pennsylvania's environmental laws and regulations and measuring their impact on farming and agriculture.
- A bank officer serves as a board member for the Pennsylvania ABA Agriculture and Rural Bankers Committee. The committee is involved extensively in farming programs around the Commonwealth.

Lebanon Valley offers bank products that provide greater access to banking services for low- and moderate-income customers and small businesses. The most noteworthy of these products are:

- The *Simply Free Checking* account that requires no minimum balance, no monthly service charge and no per-check charge. *Simply Free Checking* provides greater access to banking services for low- and moderate-income individuals and families.
- The *Alternative Business Checking* account meets the needs of small businesses with lower account activity and deposit balances. The account provides for 125 transactions (checks paid, deposited items, or deposit tickets) at no charge and no monthly service charge if the account balance is over \$1,000. A \$10.00 monthly fee is charged if the account balance is less than \$1,000. This checking account provides greater access to banking services for small business consumers.
- The *Kids Savings Account* program offers financial literacy training for area school children. Bank personnel educate children on the importance of saving money; train student tellers at each school on how to take deposits and reconcile transactions; and provide a semi-annual newsletter teaching the value of saving, banking terms and other related topics. Currently, seven area schools participate in the program and 3,380 children's savings accounts have been opened.

## LIMITED REVIEW ASSESSMENT AREA CONCLUSIONS

Limited reviews of the bank's CRA performance in the Reading-MSA (Berks County) and the Pottsville micropolitan statistical area (Schuylkill County) were conducted. While greater weight was given to the bank's performance in the Lebanon County assessment area, bank performance in Berks County and Schuylkill County were determined to be consistent with the performance in Lebanon County. 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
Reading MSA (Berks County)	Consistent	Consistent	Consistent
Pottsville Micropolitan Area (Schuylkill County)	Consistent	Consistent	Consistent

### READING, PA METROPOLITAN STATISTICAL AREA

Situated in southeastern Pennsylvania, the Reading MSA consists of Berks County. Lebanon Valley's assessment area includes just three geographies located in western Berks County that are adjacent to Lebanon County. The three geographies, all designated as middle-income, have a population of 20,063, representing 5% of the total county population based on 2000 Census data.

Lebanon Valley operates one branch in Berks County, located in a middle-income geography in Womelsdorf Borough. The branch contains approximately \$26 million in deposits, or 4% of the bank's total deposits. According to the FDIC Summary of Deposits as of June 30, 2004, there were 21 depository institutions operating in the Reading MSA. These 21 institutions operated a total of 137 branches holding \$6.3 billion in deposits. Lebanon Valley ranked 16<sup>th</sup>, controlling less than one percent of the total retail deposit market in Berks County.

During the evaluation period, Lebanon Valley reported 191 HMDA loans, 71 small business loans and 169 small farm loans. Overall, 431 loans, or 12% of Lebanon Valley's total loans, were originated in Berks County.

The demographics used to assess the performance context in which Lebanon Valley operates are detailed in the following table.

Assessment Area Demographics Assessment Area: Reading MSA Berks County (2004)								
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	721	13.3
Moderate-income	0	0.0	0	0.0	0	0.0	1,125	20.8
Middle-income	3	100.0	5,422	100.0	168	3.1	1,639	30.2
Upper-income	0	0.0	0	0.0	0	0.0	1,937	35.7
<b>Total Assessment Area</b>	<b>3</b>	<b>100.0</b>	<b>5,422</b>	<b>100.0</b>	<b>168</b>	<b>3.1</b>	<b>5,422</b>	<b>100.0</b>
	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	7,560	5,773	100.0	76.4	1,433	19.0	354	4.7
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>7,560</b>	<b>5,773</b>	<b>100.0</b>	<b>76.4</b>	<b>1,433</b>	<b>19.0</b>	<b>354</b>	<b>4.7</b>
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	728	100.0	630	100.0	58	100.0	40	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
<b>Total Assessment Area</b>	<b>728</b>	<b>100.0</b>	<b>630</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>
	Percentage of Total Businesses:			86.5		8.0		5.5
	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	149	100.0	143	100.0	5	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
<b>Total Assessment Area</b>	<b>149</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
	Percentage of Total Farms:			96.0		3.4		0.7

## **POTTSVILLE, PA MICROPOLITAN STATISTICAL AREA**

Situated in southeastern Pennsylvania, the Pottsville Micropolitan Statistical Area consists of Schuylkill County. Lebanon Valley's assessment area includes just ten geographies located in southern Schuylkill County that are adjacent to Lebanon County. Of the ten geographies, eight are designated as middle-income and two are upper-income. This portion of Schuylkill County has a population of 38,246, representing approximately 25% of the total county population based on 2000 Census data. Schuylkill County is a mostly rural area and Pottsville is its county seat.

Lebanon Valley operates one branch in Schuylkill County, located in a middle-income geography in Pine Grove Borough. The branch contains approximately \$66 million in deposits, or 11% of the bank's total deposits. According to the FDIC Summary of Deposits as of June 30, 2004, there were 18 depository institutions operating in Schuylkill County. These 18 institutions operated a total of 78 branches holding \$1.8 billion in deposits. Lebanon Valley is ranked 9<sup>th</sup>, controlling 4% of the total retail deposit market in Schuylkill County.

During the evaluation period, Lebanon Valley reported 242 HMDA loans, 53 small business loans and 27 small farm loans. Overall, 322 loans, or 9% of Lebanon Valley's total loans were originated in Schuylkill County.

The demographics used to assess the performance context in which Lebanon Valley operates are detailed in the following table.

Assessment Area Demographics								
Assessment Area: Pottsville, PA Micropolitan Area (2004)								
(Schuylkill County)								
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	1,364	13.0
Moderate-income	0	0.0	0	0.0	0	0.0	1,911	18.2
Middle-income	8	80.0	8,273	78.9	421	5.1	2,636	25.1
Upper-income	2	20.0	2,216	21.1	35	1.6	4,578	43.7
<b>Total Assessment Area</b>	<b>10</b>	<b>100.0</b>	<b>10,489</b>	<b>100.0</b>	<b>456</b>	<b>4.3</b>	<b>10,489</b>	<b>100.0</b>
	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	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	12,864	9,415	79.1	73.2	2,423	18.8	1,026	8.0
Upper-income	3,189	2,481	20.9	77.8	504	15.8	204	6.4
<b>Total Assessment Area</b>	<b>16,053</b>	<b>11,896</b>	<b>100.0</b>	<b>74.1</b>	<b>2,927</b>	<b>18.2</b>	<b>1,230</b>	<b>7.7</b>
	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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	965	76.3	802	76.2	95	75.4	68	79.1
Upper-income	299	23.7	250	23.8	31	24.6	18	20.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>1,264</b>	<b>100.0</b>	<b>1,052</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>
	Percentage of Total Businesses:			83.2		10.0		6.8
	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	25	59.5	24	58.5	1	100.0	0	0.0
Upper-income	17	40.5	17	41.5	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>42</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	Percentage of Total Farms:			97.6		2.4		0.0

**CRA APPENDICES**

## CRA APPENDIX A: GLOSSARY

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

**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: CRA LOAN DISTRIBUTION TABLES**

**LOAN DISTRIBUTION ASSESSMENT AREA: HARRISBURG--LEBANON-CARLISLE  
2003**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	5	2.4%	178	1.0%	39	18.8%	2,286	12.6%
Moderate	24	11.5%	1,166	6.4%	63	30.1%	5,159	28.3%
Middle	156	74.6%	14,369	78.9%	49	23.4%	4,098	22.5%
Upper	24	11.5%	2,500	13.7%	49	23.4%	5,926	32.5%
Unknown	0	0.0%	0	0.0%	9	4.3%	744	4.1%
<b>Total</b>	<b>209</b>	<b>100.0%</b>	<b>18,213</b>	<b>100.0%</b>	<b>209</b>	<b>100.0%</b>	<b>18,213</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	7	1.0%	203	0.4%	84	11.6%	3,733	7.4%
Moderate	70	9.6%	3,594	7.1%	212	29.3%	12,966	25.7%
Middle	571	78.5%	40,721	80.8%	223	30.7%	15,621	31.0%
Upper	79	10.9%	5,861	11.7%	179	24.6%	15,648	31.1%
Unknown	0	0.0%	0	0.0%	29	4.0%	2,411	4.8%
<b>Total</b>	<b>727</b>	<b>100.0%</b>	<b>50,379</b>	<b>100.0%</b>	<b>727</b>	<b>100.0%</b>	<b>50,379</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	3	1.4%	15	0.4%	35	15.8%	380	8.2%
Moderate	28	12.7%	476	10.2%	67	30.5%	1,120	24.2%
Middle	169	76.8%	3,782	81.2%	77	35.0%	2,132	45.8%
Upper	20	9.1%	383	8.2%	38	17.3%	939	20.2%
Unknown	0	0.0%	0	0.0%	3	1.4%	85	1.8%
<b>Total</b>	<b>220</b>	<b>100.0%</b>	<b>4,656</b>	<b>100.0%</b>	<b>220</b>	<b>100.0%</b>	<b>4,656</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
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%	650	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%	2	100.0%	650	100.0%
<b>Total</b>	<b>2</b>	<b>100.0%</b>	<b>650</b>	<b>100.0%</b>	<b>2</b>	<b>100.0%</b>	<b>650</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	15	1.4%	396	0.6%	158	13.6%	6,399	8.7%
Moderate	122	10.5%	5,236	7.1%	342	29.5%	19,245	26.0%
Middle	898	77.5%	59,522	80.5%	349	30.2%	21,851	29.5%
Upper	123	10.6%	8,744	11.8%	266	23.0%	22,513	30.5%
Unknown	0	0.0%	0	0.0%	43	3.7%	3,890	5.3%
<b>Total</b>	<b>1,158</b>	<b>100.0%</b>	<b>73,898</b>	<b>100.0%</b>	<b>1,158</b>	<b>100.0%</b>	<b>73,898</b>	<b>100.0%</b>

**LOAN DISTRIBUTION ASSESSMENT AREA: HARRISBURG-LEBANON-CARLISLE  
2003 (CONTINUED)**

Income Categories	SMALL BUSINESS/FARM							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
Low	9	2.8%	1,990	4.1%	0	0.0%	0	0.0%
Moderate	57	18.0%	7,354	15.0%	0	0.0%	0	0.0%
Middle	235	74.4%	37,880	77.2%	248	95.0%	16,605	96.6%
Upper	15	4.8%	1,872	3.7%	13	5.0%	586	3.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>316</b>	<b>100.0%</b>	<b>49,096</b>	<b>100.0%</b>	<b>261</b>	<b>100.0%</b>	<b>17,191</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	196	62.0%	8,774	17.9%	212	81.3%	7,245	42.2%
\$100,001 - \$250,000	60	19.0%	10,128	20.6%	34	13.0%	5,093	29.6%
\$250,001 - \$1 Million*	60	19.0%	30,194	61.5%	15	5.7%	4,853	28.2%
Over \$1 Million*	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>316</b>	<b>100.0%</b>	<b>49,096</b>	<b>100.0%</b>	<b>261</b>	<b>100.0%</b>	<b>17,191</b>	<b>100.0%</b>
	<b>By Revenue</b>							
\$1 Million or Less	169	53.5%	15,298	31.2%	258	98.9%	16,800	97.7%
Over \$1 Million	138	43.7%	31,852	64.8%	3	1.1%	391	2.3%
Not Known	9	2.8%	1,946	4.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>316</b>	<b>100.0%</b>	<b>49,096</b>	<b>100.0%</b>	<b>261</b>	<b>100.0%</b>	<b>17,191</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA/GROUP: READING MSA 2003

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	5	21.7%	339	13.3%
Moderate	0	0.0%	0	0.0%	8	34.8%	783	30.7%
Middle	23	100.0%	2,553	100.0%	6	26.1%	530	20.7%
Upper	0	0.0%	0	0.0%	4	17.4%	901	35.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>2,553</b>	<b>100.0%</b>	<b>23</b>	<b>100.0%</b>	<b>2,553</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	15	18.3%	567	10.1%
Moderate	0	0.0%	0	0.0%	25	30.5%	1,748	31.4%
Middle	82	100.0%	5,589	100.0%	19	23.2%	1,260	22.5%
Upper	0	0.0%	0	0.0%	20	24.4%	1,673	29.9%
Unknown	0	0.0%	0	0.0%	3	3.6%	341	6.1%
<b>Total</b>	<b>82</b>	<b>100.0%</b>	<b>5,589</b>	<b>100.0%</b>	<b>82</b>	<b>100.0%</b>	<b>5,589</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	3	18.7%	31	8.0%
Moderate	0	0.0%	0	0.0%	4	25.0%	97	25.1%
Middle	16	100.0%	387	100.0%	4	25.0%	69	17.8%
Upper	0	0.0%	0	0.0%	4	25.0%	110	28.4%
Unknown	0	0.0%	0	0.0%	1	6.3%	80	20.7%
<b>Total</b>	<b>16</b>	<b>100.0%</b>	<b>387</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>	<b>387</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	31	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	31	100.0%
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>31</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>31</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	23	18.8%	937	10.9%
Moderate	0	0.0%	0	0.0%	37	30.3%	2,628	30.7%
Middle	122	100.0%	8,560	100.0%	29	23.8%	1,859	21.7%
Upper	0	0.0%	0	0.0%	28	23.0%	2,684	31.4%
Unknown	0	0.0%	0	0.0%	5	4.1%	452	5.3%
<b>Total</b>	<b>122</b>	<b>100.0%</b>	<b>8,560</b>	<b>100.0%</b>	<b>122</b>	<b>100.0%</b>	<b>8,560</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA/GROUP: READING MSA 2003  
(CONTINUED)

Income Categories	SMALL BUSINESS/FARM							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
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	40	100.0%	5,652	100.0%	84	100.0%	7,152	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%
<b>Total</b>	<b>40</b>	<b>100.0%</b>	<b>5,652</b>	<b>100.0%</b>	<b>84</b>	<b>100.0%</b>	<b>7,152</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	27	67.5%	827	14.7%	61	72.6%	1,855	25.9%
\$100,001 - \$250,000	7	17.5%	1,325	23.4%	15	17.9%	2,357	33.0%
\$250,001 - \$1 Million*	6	15.0%	3,500	61.9%	8	9.5%	2,940	41.1%
Over \$1 Million*	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>40</b>	<b>100.0%</b>	<b>5,652</b>	<b>100.0%</b>	<b>84</b>	<b>100.0%</b>	<b>7,152</b>	<b>100.0%</b>
	<b>By Revenue</b>							
\$1 Million or Less	28	70.0%	1,837	32.5%	83	98.8%	6,702	93.7%
Over \$1 Million	12	30.0%	3,815	67.5%	1	1.2%	450	6.3%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>40</b>	<b>100.0%</b>	<b>5,652</b>	<b>100.0%</b>	<b>84</b>	<b>100.0%</b>	<b>7,152</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA: SCHUYLKILL COUNTY 2003

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	2	10.5%	93	8.1%
Moderate	0	0.0%	0	0.0%	6	31.6%	329	28.5%
Middle	19	100.0%	1,153	100.0%	8	42.1%	452	39.2%
Upper	0	0.0%	0	0.0%	2	10.5%	168	14.6%
Unknown	0	0.0%	0	0.0%	1	5.3%	111	9.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>19</b>	<b>100.0%</b>	<b>1,153</b>	<b>100.0%</b>	<b>19</b>	<b>100.0%</b>	<b>1,153</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	10	10.6%	239	4.5%
Moderate	0	0.0%	0	0.0%	17	18.1%	773	14.5%
Middle	85	90.4%	4,896	91.6%	34	36.2%	1,827	34.2%
Upper	9	9.6%	448	8.4%	30	31.9%	2,295	42.9%
Unknown	0	0.0%	0	0.0%	3	3.2%	210	3.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>94</b>	<b>100.0%</b>	<b>5,344</b>	<b>100.0%</b>	<b>94</b>	<b>100.0%</b>	<b>5,344</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	9	30.0%	136	21.6%
Moderate	0	0.0%	0	0.0%	6	20.0%	111	17.6%
Middle	29	96.7%	578	91.6%	11	36.7%	251	39.7%
Upper	1	3.3%	53	8.4%	3	10.0%	90	14.3%
Unknown	0	0.0%	0	0.0%	1	3.3%	43	6.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>30</b>	<b>100.0%</b>	<b>631</b>	<b>100.0%</b>	<b>30</b>	<b>100.0%</b>	<b>631</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
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%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	21	14.7%	468	6.6%
Moderate	0	0.0%	0	0.0%	29	20.3%	1,213	17.0%
Middle	133	93.0%	6,627	93.0%	53	37.0%	2,530	35.5%
Upper	10	7.0%	501	7.0%	35	24.5%	2,553	35.8%
Unknown	0	0.0%	0	0.0%	5	3.5%	364	5.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>143</b>	<b>100.0%</b>	<b>7,128</b>	<b>100.0%</b>	<b>143</b>	<b>100.0%</b>	<b>7,128</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA: SCHUYLKILL COUNTY 2003  
(CONTINUED)

Income Categories	SMALL BUSINESS/FARM							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
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	30	100.0%	4,038	100.0%	10	71.4%	886	88.7%
Upper	0	0.0%	0	0.0%	4	28.6%	113	11.3%
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%
<b>Total</b>	<b>30</b>	<b>100.0%</b>	<b>4,038</b>	<b>100.0%</b>	<b>14</b>	<b>100.0%</b>	<b>999</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	19	63.3%	639	15.8%	12	85.7%	301	30.1%
\$100,001 - \$250,000	7	23.3%	1,299	32.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million*	4	13.4%	2,100	52.0%	2	14.3%	698	69.9%
Over \$1 Million*	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>30</b>	<b>100.0%</b>	<b>4,038</b>	<b>100.0%</b>	<b>14</b>	<b>100.0%</b>	<b>999</b>	<b>100.0%</b>
	<b>By Revenue</b>							
\$1 Million or Less	17	56.7%	1,672	41.4%	14	100.0%	999	100.0%
Over \$1 Million	12	40.0%	2,346	58.1%	0	0.0%	0	0.0%
Not Known	1	3.3%	20	0.5%	0	0.0%	0	0.0%
<b>Total</b>	<b>30</b>	<b>100.0%</b>	<b>4,038</b>	<b>100.0%</b>	<b>14</b>	<b>100.0%</b>	<b>999</b>	<b>100.0%</b>



LOAN DISTRIBUTION ASSESSMENT AREA: LEBANON PA MSA 2004

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	15	11.7%	942	8.4%
Moderate	16	12.5%	773	6.9%	33	25.7%	2,581	23.2%
Middle	103	80.5%	9,533	85.4%	34	26.6%	3,183	28.5%
Upper	9	7.0%	861	7.7%	40	31.3%	4,009	35.9%
Unknown	0	0.0%	0	0.0%	6	4.7%	452	4.0%
<b>Total</b>	<b>128</b>	<b>100.0%</b>	<b>11,167</b>	<b>100.0%</b>	<b>128</b>	<b>100.0%</b>	<b>11,167</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	23	11.1%	950	8.5%
Moderate	22	10.6%	950	8.5%	46	22.1%	2,072	18.4%
Middle	154	74.0%	8,531	75.9%	72	34.6%	3,385	30.2%
Upper	32	15.4%	1,753	15.6%	60	28.8%	4,398	39.1%
Unknown	0	0.0%	0	0.0%	7	3.4%	429	3.8%
<b>Total</b>	<b>208</b>	<b>100.0%</b>	<b>11,234</b>	<b>100.0%</b>	<b>208</b>	<b>100.0%</b>	<b>11,234</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	38	16.3%	481	5.3%
Moderate	23	9.9%	481	5.3%	44	18.9%	999	11.0%
Middle	176	75.5%	7,509	82.7%	69	29.6%	1,975	21.7%
Upper	34	14.6%	1,092	12.0%	73	31.3%	2,594	28.6%
Unknown	0	0.0%	0	0.0%	9	3.9%	3,033	33.4%
<b>Total</b>	<b>233</b>	<b>100.0%</b>	<b>9,082</b>	<b>100.0%</b>	<b>233</b>	<b>100.0%</b>	<b>9,082</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	1,800	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	1,800	100.0%
<b>Total</b>	<b>1</b>	<b>100.0%</b>	<b>1,800</b>	<b>100.0%</b>	<b>1</b>	<b>100.0%</b>	<b>1,800</b>	<b>100.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	76	13.3%	2,373	7.1%
Moderate	61	10.7%	2,204	6.6%	123	21.6%	5,652	17.0%
Middle	434	76.1%	27,373	82.3%	175	30.7%	8,543	25.6%
Upper	75	13.2%	3,706	11.1%	173	30.4%	11,001	33.1%
Unknown	0	0.0%	0	0.0%	23	4.0%	5,714	17.2%
<b>Total</b>	<b>570</b>	<b>100.0%</b>	<b>33,283</b>	<b>100.0%</b>	<b>570</b>	<b>100.0%</b>	<b>33,283</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA: LEBANON PA MSA 2004 (CONTINUED)

Income Categories	SMALL BUSINESS/FARM							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	50	17.4%	7,176	14.7%	0	0.0%	0	0.0%
Middle	206	71.5%	36,584	75.1%	189	94.0%	12,133	95.5%
Upper	32	11.1%	4,936	10.2%	12	6.0%	568	4.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>288</b>	<b>100.0%</b>	<b>48,696</b>	<b>100.0%</b>	<b>201</b>	<b>100.0%</b>	<b>12,701</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	174	60.4%	7,458	15.4%	167	83.1%	5,494	43.3%
\$100,001 - \$250,000	53	18.4%	9,130	18.7%	26	12.9%	4,316	34.0%
\$250,001 - \$1 Million*	61	21.2%	32,108	65.9%	8	4.0%	2,891	22.7%
Over \$1 Million*	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>288</b>	<b>100.0%</b>	<b>48,696</b>	<b>100.0%</b>	<b>201</b>	<b>100.0%</b>	<b>12,701</b>	<b>100.0%</b>
	<b>By Revenue</b>							
\$1 Million or Less	170	59.0%	17,317	35.6%	194	96.5%	11,748	92.5%
Over \$1 Million	116	40.3%	31,304	64.2%	6	3.0%	938	7.4%
Not Known	2	0.7%	75	0.2%	1	0.5%	15	0.1%
<b>Total</b>	<b>288</b>	<b>100.0%</b>	<b>48,696</b>	<b>100.0%</b>	<b>201</b>	<b>100.0%</b>	<b>12,701</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA: POTTSVILLE, PA MSA (SCHUYLKILL COUNTY) 2004

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	4	25.0%	152	12.7%
Moderate	0	0.0%	0	0.0%	1	6.3%	128	10.8%
Middle	14	87.5%	993	83.2%	7	43.7%	519	43.5%
Upper	2	12.5%	200	16.8%	4	25.0%	394	33.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>16</b>	<b>100.0%</b>	<b>1,193</b>	<b>100.0%</b>	<b>16</b>	<b>100.0%</b>	<b>1,193</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	5	14.3%	173	9.2%
Moderate	0	0.0%	0	0.0%	3	8.6%	147	7.7%
Middle	31	88.6%	1,593	84.6%	16	45.7%	640	34.0%
Upper	4	11.4%	290	15.4%	9	25.7%	632	33.6%
Unknown	0	0.0%	0	0.0%	2	5.7%	291	15.5%
<b>Total</b>	<b>35</b>	<b>100.0%</b>	<b>1,883</b>	<b>100.0%</b>	<b>35</b>	<b>100.0%</b>	<b>1,883</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	8	16.7%	146	12.1%
Moderate	0	0.0%	0	0.0%	18	37.5%	417	34.6%
Middle	47	97.9%	1,200	99.5%	9	18.7%	188	15.6%
Upper	1	2.1%	6	0.5%	12	25.0%	440	36.5%
Unknown	0	0.0%	0	0.0%	1	2.1%	15	1.2%
<b>Total</b>	<b>48</b>	<b>100.0%</b>	<b>1,206</b>	<b>100.0%</b>	<b>48</b>	<b>100.0%</b>	<b>1,206</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
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%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	17	17.2%	471	11.0%
Moderate	0	0.0%	0	0.0%	22	22.2%	692	16.2%
Middle	92	92.9%	3,786	88.4%	32	32.3%	1,347	31.5%
Upper	7	7.1%	496	11.6%	25	25.3%	1,466	34.2%
Unknown	0	0.0%	0	0.0%	3	3.0%	306	7.1%
<b>Total</b>	<b>99</b>	<b>100.0%</b>	<b>4,282</b>	<b>100.0%</b>	<b>99</b>	<b>100.0%</b>	<b>4,282</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA: POTTSVILLE, PA MSA (SCHUYLKILL COUNTY) 2004 (CONTINUED)

Income Categories	SMALL BUSINESS/FARM							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
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	23	100.0%	2,347	100.0%	8	61.5%	624	84.8%
Upper	0	0.0%	0	0.0%	5	38.5%	112	15.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>2,347</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>736</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	16	69.6%	518	22.1%	11	84.6%	401	54.5%
\$100,001 - \$250,000	5	21.7%	904	38.5%	2	15.4%	335	45.5%
\$250,001 - \$1 Million*	2	8.7%	925	39.4%	0	0.0%	0	0.0%
Over \$1 Million*	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>2,347</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>736</b>	<b>100.0%</b>
	<b>By Revenue</b>							
\$1 Million or Less	13	56.5%	655	27.9%	12	92.3%	511	69.4%
Over \$1 Million	10	43.5%	1,692	72.1%	1	7.7%	225	30.6%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>2,347</b>	<b>100.0%</b>	<b>13</b>	<b>100.0%</b>	<b>736</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA: READING MSA 2004

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	3	17.6%	237	11.8%
Moderate	0	0.0%	0	0.0%	2	11.8%	205	10.2%
Middle	17	100.0%	2,009	100.0%	8	47.1%	857	42.7%
Upper	0	0.0%	0	0.0%	4	23.5%	710	35.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>17</b>	<b>100.0%</b>	<b>2,009</b>	<b>100.0%</b>	<b>17</b>	<b>100.0%</b>	<b>2,009</b>	<b>100.0%</b>
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	3	10.3%	59	2.8%
Moderate	0	0.0%	0	0.0%	10	34.5%	608	28.6%
Middle	29	100.0%	2,129	100.0%	8	27.6%	595	27.9%
Upper	0	0.0%	0	0.0%	7	24.2%	535	25.1%
Unknown	0	0.0%	0	0.0%	1	3.4%	332	15.6%
<b>Total</b>	<b>29</b>	<b>100.0%</b>	<b>2,129</b>	<b>100.0%</b>	<b>29</b>	<b>100.0%</b>	<b>2,129</b>	<b>100.0%</b>
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	2	8.7%	42	7.2%
Moderate	0	0.0%	0	0.0%	5	21.7%	94	16.1%
Middle	23	100.0%	585	100.0%	14	60.9%	336	57.4%
Upper	0	0.0%	0	0.0%	2	8.7%	113	19.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>	<b>585</b>	<b>100.0%</b>	<b>23</b>	<b>100.0%</b>	<b>585</b>	<b>100.0%</b>
	<b>Multi-Family</b>							
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%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	8	11.7%	338	7.2%
Moderate	0	0.0%	0	0.0%	17	24.6%	907	19.2%
Middle	69	100.0%	4,723	100.0%	30	43.5%	1,788	37.8%
Upper	0	0.0%	0	0.0%	13	18.8%	1,358	28.8%
Unknown	0	0.0%	0	0.0%	1	1.4%	332	7.0%
<b>Total</b>	<b>69</b>	<b>100.0%</b>	<b>4,723</b>	<b>100.0%</b>	<b>69</b>	<b>100.0%</b>	<b>4,723</b>	<b>100.0%</b>

LOAN DISTRIBUTION ASSESSMENT AREA: READING MSA 2004 (CONTINUED)

Income Categories	SMALL BUSINESS/FARM							
	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
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	31	100.0%	4,571	100.0%	85	100.0%	7,356	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%
<b>Total</b>	<b>31</b>	<b>100.0%</b>	<b>4,571</b>	<b>100.0%</b>	<b>85</b>	<b>100.0%</b>	<b>7,356</b>	<b>100.0%</b>
	<b>By Loan Size</b>							
\$100,000 or less	22	71.0%	964	21.1%	60	70.6%	2,333	31.7%
\$100,001 - \$250,000	5	16.1%	1,007	22.0%	22	25.9%	3,833	52.1%
\$250,001 - \$1 Million*	4	12.9%	2,600	56.9%	3	3.5%	1,190	16.2%
Over \$1 Million*	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>31</b>	<b>100.0%</b>	<b>4,571</b>	<b>100.0%</b>	<b>85</b>	<b>100.0%</b>	<b>7,356</b>	<b>100.0%</b>
	<b>By Revenue</b>							
\$1 Million or Less	23	74.2%	1,421	31.1%	85	100.0%	7,356	100.0%
Over \$1 Million	8	25.8%	3,150	68.9%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>31</b>	<b>100.0%</b>	<b>4,571</b>	<b>100.0%</b>	<b>85</b>	<b>100.0%</b>	<b>7,356</b>	<b>100.0%</b>

**CRA APPENDIX C: ASSESSMENT AREA MAP**

