



Comptroller of the Currency
Administrator of National Banks

Large Bank

Eastern Pennsylvania Field Office
Four Greenwood Square, Suite 120
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Bensalem, Pennsylvania 19020

Public Disclosure

February 16, 1999

Community Reinvestment Act Performance Evaluation

**The Harleysville National Bank and Trust Company
Charter # 9541
483 Main Street
Harleysville, Pennsylvania 19438**

**Comptroller of the Currency
Eastern Pennsylvania Field Office
Four Greenwood Square, Suite 120
3325 Street Road
Bensalem, Pennsylvania 19020**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the

safety and soundness of this financial institution.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency, when examining financial institutions subject to its supervision, to use its authority to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon the examination's conclusion, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **The Harleysville National Bank and Trust Company** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **February 16, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in appendix A to 12 CFR part 25.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Limited-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **The Harleysville National Bank and Trust Company (HNB)** with respect to the lending, investment, and service tests.

Performance Levels	Name of Financial Institution		
	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	x		
Low satisfactory			x
Needs to improve		x	
Substantial noncompliance			

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

The major factors supporting this rating are:

- “ Good lending levels with loan originations representing 24% of average assets;
- “ Very good distribution of loans among customers of different income levels and businesses of different sizes;
- “ Adequate distribution of loans throughout the assessment area;
- “ Reasonably accessible service delivery systems to geographies and individuals of different income levels in the assessment area, and an adequate level of community development services; and
- “ Substantial majority of loans in the assessment area.

Description of Institution

The Harleysville National Bank and Trust Company (HNB), headquartered in Harleysville, PA, had average assets of approximately \$900 million during the evaluation period from January 1, 1997 to December 31, 1998. It is a wholly owned subsidiary of Harleysville National Corporation (HNC), a \$1.3 billion holding company. HNC also owns Security National Bank of Pottstown whose assessment area overlaps that of HNB.

HNB is a full service commercial bank and trust business operating in five contiguous counties in eastern Pennsylvania through its intrastate network of nineteen banking offices. HNB does not have any operating subsidiaries. Product offerings include real estate loans (60% of gross loans), including residential and commercial mortgages, commercial loans (15%), consumer loans (14%), and other loans (11%). There are no financial or legal impediments which would hinder the bank's ability to help meet credit needs in the assessment area. However, several much larger banks compete in, and for the most part dominate, the bank's marketplace which is north of Philadelphia.

Description of Assessment Area

HNB's assessment area is detailed in the table below. It includes, within the Primary Metropolitan Statistical Area (PMSA) # 6160, portions of the counties of Bucks (97 census tracts), Chester (23 census tracts), and Montgomery (151 census tracts) where the bank's branches are located. It also includes geographies outside PMSA # 6160 - five census tracts each in Lehigh County (MSA # 0240) and in Berks County (MSA # 6680). Two of the bank's branches are adjacent to the boundaries of these counties which are considered within the market for these branches. The assessment area is compliant with the requirements of CRA and does not arbitrarily exclude any low- or moderate-income areas. The 281 census tracts break down into the following income characteristics - 9 moderate-income, 148 middle-income, and 121 upper-income. Three census tracts do not have any income designation; two are unpopulated and the state prison is located in the third undesignated census tract. There are no low-income census tracts in the assessment area.

The five census tracts in Lehigh County (MSA # 0240) and the five census tracts in Berks County (MSA # 6680) do not substantially extend beyond the boarder of MSA # 6160. Additionally, these census tracts comprise only 3.5% of the MSA 0240's total tracts and 7% of MSA 6680's total tracts. Also, the percentage of the population residing within the five tracts in MSA 0240 is only 4% of the total population of the MSA and 9.5% of the total population of MSA 6680.

The local economy is strong. The assessment area provides the largest volume of employment outside the Philadelphia city limits and projects the most job gains over the next 20 years. Employment comes from service, manufacturing, and retail industries. Local unemployment is far below the national and other surrounding Philadelphia rates. The 1990 census median family income, used to determine the income level category of geographies, is \$41,908. The updated median family income, adjusted annually by HUD and used to determine the income level category of individuals, is \$52,900.

To identify credit needs we reviewed information from community contacts and other sources. These contacts included eight different community-based organizations which advocate for affordable housing and economic development needs in the assessment area. Identified credit needs generally are mortgages for home purchase and loans to small businesses. Additionally, other credit needs include home improvement and renovation loans, mortgages with grants for down payment and closing costs, microloans and SBA “low doc” loans, and long-term financing for small businesses. These community contacts identified the need for financial literacy, particularly for applicants applying for mortgage credit, and for borrowers with credit problems. These community contacts also identified the need for grant money and technical assistance for their organizations. Opportunities exist for qualified investments, as well as for community development services throughout the entire assessment area. Community contacts have also identified, in particular, Norristown and Pottstown, both in the bank’s assessment area, as targets for revitalization and redevelopment. Most, seven of the nine, moderate-income geographies in the assessment area are in Norristown and Pottstown. Several factors impact the bank’s performance in these geographies. Only three percent of the population lives in the moderate-income census tracts. There is also a very low percentage of owner-occupied housing units and of small businesses in these geographies. And HNB does not have any presence in these geographies.

HNB also conducts customer surveys which question respondents on customer service and credit needs. A majority have responded that HNB has been meeting their loan needs. These surveys did not identify the need for any new credit product.

ASSESSMENT AREA PROFILE: Primary MSA # 6160 - Philadelphia, PA *						
Demographic Characteristics	#	\$	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population (#)	1,048,635		11	15	25	49
Median Income(\$)		41,908				
Census Tracts	281		0	3	53	43
Unemployment Rate - 1998 annual ave	1.85%					
Owner Occupied Housing (#)	280,852		0	2	50	48
Median Housing Value (\$)		143,759				
Small Businesses	31,790		0	3	52	45

* Census tract information also includes 5 census tracts each from MSAs 0240 and 6680.

Conclusions about Performance Tests

Scope of Review

This evaluation covers the period from January 1, 1997 to December 31, 1998. This is the first time that HNB is being evaluated under the revised CRA regulation. The last CRA evaluation dated January 1997 rated the bank satisfactory under the old twelve assessment factors. At this current review, we evaluated lending data on HNB's home mortgages and small business loans. There were no small farm loans made. No other loan data, including affiliate loan data, was provided for our consideration. We reviewed the bank's process for ensuring the accuracy of the loan data they reported and found it to be effective. In addition to loan data, we also reviewed the bank's qualified investments, and retail and community development services. Finally, we used community contacts, and market and peer data to help us evaluate the bank's performance. In our evaluation, we placed particular emphasis on the bank's home mortgage loan originations, since this product represented 72% of the number and 60% of the amount of total loans reported.

Also, refer to Appendix A.

Lending Test

Lending Activity

Lending levels reflect good responsiveness to the credit needs of the assessment area. During the evaluation period, HNB reported loan originations of \$211 million which represent 24% of average assets. A significant portion at \$126 million, or 60%, of the total loan originations are home mortgages for purchase, home improvement, and refinance. Mortgages for home improvement are nearly half of all mortgages originated or purchased. Home improvement loans have been identified as a credit need in the assessment area. Loans to small businesses at \$85 million, also an identified credit need, represent 40% of total loans reported during the evaluation period. HNB achieved an overall market rank of number eight among all HMDA reporters, and an overall market rank of number fifteen among all reporters of small business loans in the assessment area.

Also, refer to Appendix B, Table 1 - Lending Volume - for the data used in this analysis.

Assessment Area Concentration

A substantial majority of the loans are made in the institution's assessment area, representing 88 percent of the number and 85 percent of the amount. For purposes of our analysis, we only considered loans originated in the assessment area. These loans are detailed in the tables in Appendix B.

Geographic Distribution of Loans

The geographic distribution of loans reflects an adequate penetration throughout the assessment area.

There are no low-income census tracts in the assessment area, and there are no conspicuous gaps in the bank's lending activities. For home purchase loans, HNB's rate of origination approximates the distribution of owner-occupied units in moderate-income areas. Furthermore, market share of originations in the moderate-income areas exceeded the overall market share for home purchase loans.

For home improvement loans, HNB lags the market in mortgage loan originations in moderate-income areas. In 1997, the latest year when market data is available, HNB originated in these geographies mortgages for home improvement at the rate of 0.6%, while the market originated similar mortgages at the rate of 1.9%. Several factors help explain the bank's performance. Opportunity to lend is impacted by the very low percentage of owner-occupied units to begin with, and by the fact that the bank's primary product is home improvement. Nearly half of the bank's mortgage loan originations during the evaluation period are for home improvement. In 1997, HNB originated 60% of the number of mortgages for home improvement compared to market which originated 16% of total reported mortgages for home improvement.

We also considered the performance of similarly situated banks. These peer banks operate in approximately the same marketplace and offer similar products and services, and are in the same range of asset size. Compared to the peer group, HNB performed better in originating mortgages in the moderate-income tracts. HNB originated mortgages at the rate of 1.1%, while the market originated mortgages at the rate of 0.8% in these geographies.

Loan originations for small business loans is adequate. HNB's lending performance in the moderate-income geographies, as shown in Table 4, is below the percent distribution of businesses in these geographies. Furthermore, its market share in the moderate-income geographies is less than its overall market share. HNB had an overall market rank of number fifteen among all reporters of small business loans in the assessment area, behind larger regional banks which dominated the area, particularly lending in the moderate-income areas where the top ten lenders originated 83% of total loans and included financial institutions with total assets of \$20 billion or greater.

Also, refer to Appendix B, Table 2 - Geographic Distribution of Home Mortgage Loan Originations; and Table 4 - Geographic Distribution of Small Business Loan Originations - for the data used in this analysis.

Borrower's Profile

The distribution of loans reflects a very good penetration among retail customers of different income levels and business customers of different sizes. Borrower distribution is good for both home mortgages and small business loans. The origination of home mortgage loans, particularly to low- and moderate-income borrowers, is very good when compared to the percent distribution of families by income-level. HNB originations to low-income borrowers at 9.9% approximated the percent distribution of low-income families at 10.6%. HNB originations to moderate-income borrowers at 19.8% exceeded the percent distribution of moderate-income families at 15.5%. HNB rate of origination of mortgages for home purchase and home improvement exceeded the percent distribution

of low- and moderate-income families, and of moderate-income families for mortgages for refinance purposes. Furthermore, market share of originations to low- and moderate-income borrowers exceeded overall market share for total HMDA, home purchase, and home improvement loans. This performance is the result of a more aggressive offering of its Community Development Plan product which is targeted to low- and moderate-income individuals.

The origination rate to businesses with revenues \$1 million or less and in loan amounts \$100,000 or less exceeded market performance. HNB originated 60% of loans to businesses with revenues \$1 million or less, while the market originated 44% of loans to this segment. HNB also originated nearly 80% in loan amounts \$100,000 or less. Loans in these amounts are particularly responsive to the credit needs of small businesses as noted by community contacts. Finally, market share of loan originations to businesses with revenues \$1 million or less of 1.84% exceeded overall market share of 1.31% to all businesses. As shown in Table 5, an overwhelming majority of businesses in the assessment area are those with revenues of \$1 million or less. This represents an opportunity for banks to serve this segment of the market, and HNB's lending performance reflects good responsiveness to this segment.

Also, refer to Appendix B, Table 3 - Borrower Distribution of Home Mortgage Loan Originations; and Table 5 - Borrower Distribution of Small Business Loan Originations - for the data used in this analysis.

Community Development Lending

HNB has a low level of community development loans, originating two loans which aggregated \$50,000. These loans were to a Community Development Financial Institution (CDFI) which supports the revitalization of low and moderate-income neighborhoods in a nine county region, including Bucks, Chester and Montgomery counties.

Product Innovation

No new loan products were introduced during the current evaluation period. None of the products reviewed are considered innovative. HNB continues to offer its Community Development Plan (CDP) product with flexible underwriting guidelines targeted to low- and moderate-income individuals, and its Vari-Best Line of Credit which is geared for small businesses. The Vari-Best product waives the 30-day rest period and annual renewal requirements for fully performing loans, thereby reducing transaction costs to the small business owner. During the evaluation period, HNB originated 43 in number and \$3.4 million in amount of CDP loans, and 16 in number and \$1.2 million in amount of Vari-Best loans most in amounts \$100,000 or less.

Investment Test

HNB has a low level of qualified investments for CRA purposes, considering that the bank has the capacity to make qualified investments and that opportunities for qualified investment exist throughout the assessment area. Opportunities within the bank's assessment area include support of loan funds for affordable housing and small businesses, participation in the programs of Small Business Investment

Companies (SBICs) and economic development corporations, and low-income housing tax credits. HNB rarely uses innovative and/or complex investments to support community development initiatives.

During the evaluation period, HNB made investments in the form of grants which aggregated 52 in number and \$42 thousand in amount during the evaluation period. These grants support affordable housing and community services targeted to low- and moderate-income individuals, and economic development and small businesses.

Also, refer to Appendix B, Table 6 - Qualified Investments - for the data used in this analysis.

Service Test

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in HNB's assessment area. Through its network of 19 branches and 17 ATMs, HNB is able to serve its community, as evidenced by the good delivery of mortgages for home purchase and home improvement to low- and moderate-income individuals, and mortgages for refinance to moderate-income individuals, and by the good distribution of small business loans particularly to businesses with revenues \$1 million or less. HNB also operates two limited service facilities in retirement communities which serve the residents and employees of these communities.

Changes in branch locations have generally not adversely affected the accessibility of its service delivery systems. During the evaluation period, HNB opened four new branches - one in a middle-income census tract and three in upper-income tracts. There were no branch closings. There are no low-income census tracts in the assessment area. HNB does not have any branches in the moderate-income tracts. Less than three percent of the total population in the assessment area lives in the moderate-income census tracts. Residents in these areas are within close proximity of HNB branches, or approximately 10 - 15 minutes of driving time on the local roads. There are two HNB branches within eight miles of Pottstown, and one HNB branch within ten miles of Norristown. There is also one HNB branch within five miles of Warminster, another moderate-income geography.

Services and business hours for most branches are materially the same throughout the assessment area, and include drive-in facilities and Saturday hours. Customer satisfaction surveys generally rate bank services very highly. Surveys cover helpfulness of staff, speed of service, and lobby hours. However, two of the 19 branches, located in middle-income census tracts, do not have ATM facilities or Saturday hours. Another branch, located in an office complex and in an upper-income census tract, also does not have Saturday hours. HNB offers alternative delivery systems, including a 24-hour information toll-free phone line, a customer service toll-free phone line which allows customers to ask questions, place loan applications, and open accounts, an automated voice response system which allows customers to access account and rate information, and transfer funds between accounts, and make loan payments. The bank recently introduced web banking with easy account access, free fund transfer, and convenient bill payment. We could not place significant weight on the alternative delivery systems when drawing our conclusion, because the bank has no documentation regarding the

effectiveness of its alternative delivery systems in reaching low- and moderate-income individuals and geographies. While customer satisfaction surveys highly rate bank service in general, service impact on low- and moderate-income individuals and geographies is not known.

HNB provides an adequate level of community development services. Bank employees serve on boards of community-based organizations and provide technical assistance related to financial matters. These organizations help low- and moderate-income persons and small businesses by promoting affordable housing, offering credit counseling and budgeting and home buying workshops, or mentoring to local entrepreneurs. HNB also participates in the “Banking Is” program which helps high school students develop and improve their financial literacy as future homeowners and entrepreneurs. Community contacts have identified technical assistance through membership in boards of community-based organizations and financial literacy as needs in the assessment area. HNB also offers deposit products targeted to low- and moderate-income individuals and students. During the evaluation period, HNB opened nearly 1,300 Thrifty Checking accounts, and 5,400 checking and 1,400 Kids Banking (savings) accounts. Total deposits from these accounts accrue to more than \$3 million.

Also, refer to Appendix B, table 7 - Distribution of Branch and ATM Delivery Systems - for the data used in this analysis.

Compliance with Antidiscrimination Laws

A fair lending review performed in conjunction with this CRA examination revealed that HNB is complying with fair lending regulations. No violations of the substantive provisions of the antidiscrimination laws and regulations were noted.

Appendix A - Scope of Examination

Time Period Reviewed	1/1/97 to 12/31/98		
Financial institution The Harleysville National Bank and Trust Company			Products reviewed Mortgages; and small business and small farm loans
Affiliate(s)	Affiliate relationship		Products reviewed
N/A			None
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
MSA # 6160 Philadelphia, PA	On-site	Main Office	None

Appendix B - Tables of Performance Data

Table 1. Lending Volume

LENDING VOLUME													State: Pennsylvania		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full-Scope:																
PMSA # 6160	100	2,351	126,367	900	84,809	0	0	2	50	3,253	211,226	100%				

Table 2. Geographic Distribution of Home Mortgage Loan Originations

Geographic Distribution: HMDA LOANS																	State: Pennsylvania		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area: PMSA # 6160	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total HMDA Loans					
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total				
HOME PURCHASE	0.0%	0.0%	1.8%	1.5%	50.3%	58.5%	47.9%	39.9%	39	0.7	0.0	1.7	0.9	0.5	393	17%				
HOME IMPROVEMENT	0.0%	0.0%	1.8%	0.4%	50.3%	59.4%	47.9%	40.0%	2	7.7	0.0	2.2	8.8	6.7	1,162	49%				
REFINANCE	0.0%	0.0%	1.8%	1.0%	50.3%	55.9%	47.9%	42.8%	14	1.4	0.0	0.7	1.5	1.2	796	34%				
MULTIFAMILY	0.0%	0.0%	1.8%	0.0%	50.3%	0.0%	47.9%	0.0%	N/A	0.0	0.0	0.0	0.0	0.0	0	0%				
TOTAL HMDA	0.0%	0.0%	1.8%	0.8%	50.3%	58.1%	47.9%	41.0%	8	2.0	0.0	1.4	2.5	1.6	2,351	100%				

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Borrower Distribution of Home Mortgage Loan Originations

Borrower Distribution: HMDA																	State: Pennsylvania		Evaluation Period: January 1, 1997 to December 31, 1998	
MSA/Assessment Area: PMSA # 6160	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total HMDA Loans					
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total				
HOME PURCHASE	10.6%	14.8%	15.5%	25.2%	25.2%	22.4%	48.8%	30.8%	39	0.7	4.6	1.3	0.9	0.7	393	17%				
HOME IMPROVEMENT	10.6%	11.4%	15.5%	20.0%	25.2%	27.7%	48.8%	39.3%	2	7.7	8.6	11.5	7.9	6.2	1,162	49%				
REFINANCE	10.6%	5.4%	15.5%	17.0%	25.2%	27.4%	48.8%	49.1%	14	1.4	3.2	2.1	1.4	1.5	796	34%				
MULTIFAMILY	10.6%	0.0%	15.5%	0.0%	25.2%	0.0%	48.8%	0.0%	N/A	0.0	0.0	0.0	0.0	0.0	0	0%				
TOTAL HMDA	10.6%	9.9%	15.5%	19.8%	25.2%	26.7%	48.8%	41.2%	8	2.0	5.4	3.4	2.3	1.8	2,351	100%				

(*) As a percentage of loans with borrower income information available. No information was available for 2% of loans originated by BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS																	State: Pennsylvania		Evaluation Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans								
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total							
Full-Scope:																							
PMSA # 6160	0.0%	0.0%	3.1%	0.9%	50.2%	56.8%	46.6%	42.3%	15	1.3	0.0	0.1	1.6	1.4	900	100%							

(*) Based on 1997 Aggregate Small Business Data only.

Table 5. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS												State: Pennsylvania		Evaluation Period: January 1, 1997 to December 31, 1998				
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans									
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size (000'S)							
Full-Scope:																		
PMSA # 6160	97%	60%	44%	78.7	11.9	9.4	1.31	1.84	900	100%	\$94.2							

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. Information was available for all loans originated by BANK.

(***) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(****) Based on 1997 Aggregate Small Business Data only.

Table 6. Qualified Investments

QUALIFIED INVESTMENTS											State: Pennsylvania		Evaluation Period: January 1, 1997 to December 31, 1998			
MSA/Assessment Areas:	Affordable Housing		Community Service		Economic Development/ Small Business		Revitalize or Stabilize		Total Investments							
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s					
Full-Scope:																
PMSA # 6160	13	7	36	33	3	2	0	0	52	42	100%					

Table 7. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM														State: Pennsylvania		Evaluation Period: January 1, 1997 to December 31, 1998			
MSA/Assessment Area:	Deposits	Branches				ATMs				Population									
	% of Total BANK Deposits	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full-Scope:																			
PMSA # 6160	100%	19	100	0	0	63	37	17	100	0	0	59	41	0	2.7	52.4	44.5		