
Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

February 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bernville Bank, N.A.
Charter Number: 17721
201 N. Main Street
Bernville, Pennsylvania 19506**

**Office of the Comptroller of the Currency
Northeastern Pennsylvania Duty Station
100 Hazle Street, Suite 202
Wilkes-Barre, Pennsylvania 18702**

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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, 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 conclusion of such examination, 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 Community Reinvestment Act (CRA) performance of **Bernville Bank, N.A.** prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of February 24, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

This overall rating is supported by the following factors:

- The bank's average loan-to-deposit ratio over the past two years is 83%.
- The vast majority of loans reviewed during this examination originated within the bank's assessment area.
- The bank exhibits a good record of lending to small businesses.
- The bank's lending performance reflects a reasonable distribution of credit to borrowers of different income levels.

The following table indicates the performance level of Bernville Bank, N.A. with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	BERNVILLE BANK, N.A. PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Bernville Bank, N.A. (BBNA) is a \$68 million institution located approximately 15 miles northwest of Reading, Pennsylvania. BBNA is the sole subsidiary of Community Independent Bank, Inc. BBNA operates its main office in Bernville, Pennsylvania and two full service branches located in Shartlesville and Robesonia. All are located within Berks County. The bank also operates automated teller machines at all three locations. The bank's branches are open extended hours. No branches have opened or closed since our last CRA evaluation in December of 1993. The bank also operates a loan operations center in Wyomissing.

The bank's loan portfolio is primarily residential mortgage loans at 70%, with the balance in commercial loans at 22% and consumer installment loans at 8%. Loans currently equal 78% of total assets. Strong competition for loans and deposits is provided by several community banks and larger regional institutions with branch offices in the area. Primary competitors are Berks County Bank, National Penn Bank, First National Bank of Leesport, CoreStates, Patriot Bank, and Elverson National Bank. There are no known legal or financial impediments to prevent BBNA from meeting the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREA

BBNA's assessment area consists of Berks County, Pennsylvania in its entirety. The assessment area is comprised of 76 census tracts within MSA 6680-Reading, Pennsylvania. The assessment area consists of 4 low-income, 15 moderate-income, 49 middle-income, and 8 upper-income census tracts (CTs). All of the bank's low- and moderate-income census tracts are located in the city of Reading.

The population of the assessment area is 336,523. Median family income of the area is \$37,134. Median housing value for the area is \$76,050 and median age of the housing stock is 46 years. Owner-occupied housing is 70% of the total, and rental occupied housing approximates 25%. Vacant housing units equal 5% of the total units.

The local economy is relatively stable with the majority of job opportunities in the greater Reading area. As of December 1996, the unemployment rate for Berks County is below both national and state averages of 4%. Major employers include Reading Hospital, St. Joseph's Hospital, Carpenter Technology, Lucent Technology, East Penn Manufacturing, and area school districts. Bank management and community contacts indicated that the primary credit needs in their area are residential housing and small business loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

For the purposes of this analysis, the examination period covers loan activity from January 1, 1995 to December 31, 1996.

Loan to Deposit Ratio

BBNA's average loan-to-deposit ratio is 83%. This ratio compares favorably to the national peer average of 69%. This level of lending performance is comparable to the 81% ratio achieved by other community banks operating in Berks County. The bank also originated approximately \$4.7 million in mortgage loans over the past two years that were sold.

Lending in Assessment Area

We reviewed the bank's HMDA loan application register (LAR) to determine the location of loan originations. The bank has a good record of serving the credit needs of its community based on this sample. A significant portion of BBNA's HMDA loans are originated within the assessment area, as indicated in the table below.

TABLE I						
LENDING WITHIN THE ASSESSMENT AREA (AA)						
HMDA Loan Originations during 1995 and 1996						
Year	# of Loans		% in AA	\$ Amount of Loans (000's)		% in AA
	In AA	Out of AA		In AA	Out of AA	
1995	136	15	90%	8,091	848	91%
1996	154	17	90%	8,649	1,269	87%
TOTAL	290	32	90%	16,740	2,117	89%

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The bank's record of lending to borrowers of different income levels was evaluated using HMDA reportable loans originating in 1995 and 1996. Our review of HMDA loans revealed reasonable lending patterns during the examination period, and is presented within the table which follows.

TABLE 2					
LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS					
HMDA LOANS - 1995 and 1996					
	1995		1996		
Income level	\$ Amount	#	\$ Amount	#	Family Income
Low	2%	4%		5%	16%
Moderate	20%	29%		16%	19%
Middle	40%	35%	25%	32%	27%
Upper	38%	32%	62%	47%	37%
Total	100%	100%	100%	100%	100%

Small businesses and small farms are defined as those with less than \$1,000,000 in gross annual revenues. All of the bank's commercial lending is to small businesses and small farms. The analysis performed used the original loan amount as a proxy to determine the businesses' size. The data came from Schedule RC-C of the June 30, 1996 call report which shows 150 loans to small businesses and 14 loans to small farms with outstandings totaling \$9.6 million.

Geographic Distribution of Loans

The geographic dispersion of HMDA loans throughout the bank's assessment area is reasonable. The data shows the majority of penetration exists within middle-income CTs. Lending within low- and moderate-income CTs is not prevalent as BBNA does not operate any branches within close proximity of these areas. All of the bank's branches and surrounding geographies are located in middle-income CTs; lending activity is concentrated in these areas. Another reason that our HMDA analysis revealed little activity in these areas is that less than 11% of the housing stock in low- and moderate-income CTs is owner occupied.

TABLE 3**GEOGRAPHIC LOAN DISTRIBUTION OF HMDA LOANS WITHIN ASSESSMENT AREA**

	1995		1996		
Income level of Census Tract	\$ Amount of Loans	# of Loans	\$ Amount of Loans	# of Loans	Geographic Distribution of Census Tracts
Low	1%	1%	1%	1%	5%
Moderate	0%	0%	1%	1%	20%
Middle		94%	96%	95%	64%
Upper	4%	5%	2%	3%	11%
Total	100%	100%	100%	100%	100%

Compliance with Antidiscrimination Laws

A fair lending review performed in conjunction with this CRA examination revealed satisfactory compliance with fair lending regulations. We noted no practices intended to discourage or impede potential borrowers from applying for credit.