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Comptroller of the Currency  
Administrator of National Banks

**LARGE BANK**

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## **Public Disclosure**

October 4, 1999

# **Community Reinvestment Act Performance Evaluation**

**First National Bank of West Chester  
Charter Number: 148  
One South High Street, P.O. Box 523  
West Chester, PA 19381**

**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.**

## 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 the safe and sound operation of the institution. Upon the 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 CRA performance of **First National Bank of West Chester** by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 4, 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 C.F.R. Part 25.

The following table indicates the performance level of **First National Bank of West Chester** (“FNB”) with respect to the lending, investment, and service tests.

**Table I. Results of Performance Tests**

Performance Levels	First National Bank of West Chester Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X	X	X
Low satisfactory			
Needs to improve			
Substantial noncompliance			

\* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

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

Primary factors supporting the bank’s overall rating include:

- FNB has an excellent level of community development lending for affordable housing and revitalization.
- A significant percentage of loans are made within the assessment area.
- The level of lending to low- and moderate-income individuals reflects excellent penetration based upon the demographics and credit needs of the assessment area.
- The level of lending to small business reflects good penetration within the assessment area.
- The geographic distribution of HMDA-reportable loans reflects adequate penetration throughout the assessment area including low- and moderate-income areas, while the geographic distribution of small business loans reflects good penetration throughout the assessment area.
- The bank has a good level of Community Development Investments that benefit affordable housing projects within their assessment area.
- Services are tailored to meet the bilingual needs of the assessment area.

- The bank's branch delivery systems are accessible to geographies and individuals of different income levels in the assessment area. FNB increased the accessibility to services in a moderate-income geography, during the evaluation period.

## **Scope of the Examination**

This evaluation covers lending activities for 1997, 1998 and year-to-date 1999, and community development investment and service activities for the period from January 1, 1997 through October 4, 1999. The analysis is based on analysis of the bank's Home Mortgage Disclosure Act - Loan Activity Reports (HMDA-LARs) and Loan Registers. We tested these reports for accuracy during the examination by reviewing a judgmental sample of loan files. Specific loan products evaluated include: HMDA-reportable loans (i.e., home purchase mortgage, refinance, and home improvement loans), small business loans, and community development loans. The bank made no small farm loans during the evaluation period. We also evaluated community development investments, retail services, and community development services. The bank's HMDA and Community Development lending were given more weight in determining our final ratings. FNB's previous CRA examination was conducted as of September 11, 1997 and was the bank was assigned a rating of Satisfactory.

## **Description of Institution**

FNB is a \$480 million institution located in West Chester, PA. The bank was chartered in 1863 and is a full service, intrastate bank offering a wide array of loan and deposit products. The bank has no operating subsidiaries. There are no financial or legal impediments impacting FNB's ability to help meet community credit needs. Strong competition is provided by several larger interstate and regional banking companies, and local community banks and thrift institutions.

FNB operates seven full service branches throughout Chester county. The bank offers automated teller machines (ATMs) at all seven offices and three off-site locations including the local college campus. Drive-through facilities are provided at five of the bank's branch locations. FNB opened a branch in West Chester in January 1999 in a moderate-income census tract (CT).

As of June 30, 1999 the institution had total loans approximating \$328 million, or 68% of total assets. The composition of the loan portfolio consists of commercial and commercial real estate loans at 40%, residential real estate loans at 40%, and consumer loans at 10%. A mixture of construction, agriculture, municipal loans and lease receivables make up the remaining 10% of the loan portfolio.

## **Description of Assessment Area**

FNB has defined one assessment area which includes all of Chester county (MSA 6160) and five CTs in Delaware county (MSA 6160). The assessment area comprises 118 CTs within the Philadelphia-Wilmington-Atlantic City CMSA (77). The assessment area complies with regulatory requirements and does not arbitrarily exclude low- or moderate-income CTs. All market share data discussed in this Public Evaluation is in reference to the bank's market share within the assessment area, rather than in

any larger geographic area.

The bank's AA encompasses a diverse economic base including a mixture of agriculture, light manufacturing, and small and mid-sized retail related businesses. Based on discussions with management, the bank's trade area has experienced steady economic growth over the past decade.

Detail of the demographics of the assessment area is included in the following table.

<b>Assessment Area Demographic Profile</b>				
<b>Census Tract Characteristic</b>	<b>Number of Census Tracts</b>	<b>Percentage of Total Tracts</b>	<b>Percentage of Population</b>	<b>Percentage of Families</b>
<b>Low</b>	1	<1%	<1%	<1%
<b>Moderate</b>	8	7%	18%	4%
<b>Middle</b>	44	37%	60%	34%
<b>Upper</b>	58	49%	21%	61%
<b>N/A</b>	7	6%	<1%	<1%
<b>Total</b>	118	100%	100%	100%

\* - N/A denotes census tract characteristics are not available.

The assessment area contains one low-income CT and eight moderate-income CTs, which are all located in Chester County.

Based on 1990 census data, FNB's assessment area has a population of 391,469 which includes 104,043 total families. As indicated in the above table, approximately 5% of total families in the assessment area are located in low- and moderate-income CTs.

The average of the MSA's updated median family income per Department of Housing and Urban Development (HUD) guidelines is \$55,600. The census median family income is \$41,908. Of the 144,188 total housing units, 82% are one-to-four family units. Owner-occupied housing and rental occupied housing represent 72% and 24% of the total housing units available respectively. Vacant housing units represent the remaining 4% of the total housing units. The average age of housing units in the assessment area is thirty-five years and the average cost of these units is \$162,677. These facts combine to make Chester County one of the richest counties in Pennsylvania.

Major employers and industries include QVC, A. Duie Pyle, commercial mushroom farming, and retail

businesses within the bank's assessment area. There are also a number of technology companies that have moved into the area known as the "Route 202 Corridor".

Credit needs of the community were determined during this examination through discussions with management and by an interview with a representative from a community based agency serving the needs of low- and moderate-income communities throughout Chester County. Both indicated that primary credit needs are affordable housing loans and readily available small business loans. It was also indicated that area banks need to reach out to the low- and moderate-income and minority communities by having bilingual personnel in their branches in certain communities.

## **Conclusions with Respect to Performance Tests**

### **Lending Test**

#### **Lending Activity**

FNB's lending levels reflect excellent responsiveness to AA credit needs. During the evaluation period, FNB originated 693 HMDA reportable loans within its AA for approximately \$43 million. In 1998, FNB ranked nineteenth in HMDA reportable lending within their AA with a 1.22% market share.

FNB is very active in small business lending. During the evaluation period, FNB originated 617 small business loans for approximately \$87 million. In 1998, FNB ranked eighth in small business loan originations with 2.95% market share. FNB did not make any small farm loans during the evaluation period. *See Table 1 in the Appendix section of this report for further details.*

#### **Assessment Area Concentration**

FNB originates a significant percentage of loans in its AA. During 1997, 94.9% of the number and 93.2% of the dollar amount of total HMDA, business, and farm originations were within the assessment area. During 1998, 91.5% of the number and 89.5% of the dollar amount of originations were within the AA. Through June 30, 1999, 92.3% of the number and 83.5% of the dollar amount of all originations were within the bank's AA. In an analysis of the entire evaluation period, the bank originated 93.0% of the number and 90.4% of the dollar amount of all loans within their AA.

The bank's average loan-to-deposit ratio since the last examination (past eight quarters) is 79.7%. This figure is better than the national peer average over the same period which approximates 73.4%.

#### **Geographic Distribution of Loans**

Our analysis reflects adequate HMDA-related lending penetration throughout geographies with various income characteristics within FNB's assessment area, including low- and moderate-income CTs. We found no conspicuous gaps in the bank's lending patterns within their AA during our review. FNB's HMDA-related lending patterns are consistent with the owner occupied housing in the various CTs in the AA. Our analysis illustrates that 97% of HMDA-related loans are made within middle- and upper-

income CTs which is considered reasonable since these tracts contain 96% of the AA's owner-occupied housing units as well as 88% of the population.

HMDA lending within low- and moderate-income CTs is adequate when compared to the lending opportunities within such tracts of the assessment area. During the rating period, 0.14% of the bank's HMDA-related loans were made within FNB's only low-income CT, compared to 0.46% of the owner occupied housing units being located in this CT. FNB made 2.31% of their loans in the eight moderate-income CTs within their AA, compared to 3.26% of owner occupied housing units in these CTs. *See Tables 2-4 in the Appendix section of this report for further details on the geographic distribution of loans.*

FNB has relatively good penetration into low- and moderate-income CTs with their home improvement loan products. Table 3 in the Appendix section shows that while only 0.46% of all owner occupied housing units in the AA are in low-income CTs, 0.23% of FNB's home improvement loans were made in these tracts. Likewise, 3.26% of owner occupied housing units are in moderate-income CTs and the bank made 3.27% of their home improvement loans in these tracts.

The bank's performance in lending to low- and moderate-income geographies can, in part, be explained by the location of the bank's branches relative to the low- and moderate-income census tracts in the AA. There are no branches within ten miles of the Coatesville area, which is where the low-income CT and four of the eight moderate-income CTs are located.

FNB's small business lending in low- and moderate-income CTs is good compared to the number of small businesses in low- and moderate-income CTs. Within FNB's AA, 0.37% of all small businesses are located in low-income CTs. Additionally, 5.37% of small businesses are located in moderate-income CTs. In comparison, 0.32% of small business loans originated during the evaluation period were in low-income CTs and 6.32% of small business loans were made within moderate-income CTs.

Small business lender market share reports for 1998 show FNB originated 13 loans totaling \$1.3 million in moderate-income CTs; no loans were originated in low-income CTs. FNB ranked eighth in lending in moderate-income tracts with 3.8% market share.

FNB made no loans to small farms during the evaluation period. *See Table 5 in the Appendix section of this report for further details on the geographic distribution of loans to small businesses.*

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

Our review revealed excellent lending penetration to borrowers of different income levels including low- and moderate-income borrowers. During the evaluation period, 8.08% of total HMDA-related originations were to low-income borrowers and 16.88% were to moderate-income borrowers. These percentages are well above the percentage of total families that are low-income (0.74%) and moderate-income (4.20%) within the AA.

Lender market share reports for 1998 HMDA-reportable loans reflect favorably on the bank as FNB is ranked nineteenth among all lenders doing business within its assessment area. FNB's market share equates to 1.22% of all HMDA loans originated within its assessment area.

The bank has excellent lending penetration to low- and moderate-income borrowers in all three HMDA related loan types. Home Improvement loans are the best example of this as the bank made 11.45% of their home improvement loans to low-income borrowers versus 0.74% of the families within the AA being low-income. Likewise the bank made 19.16% of their home improvement loans to moderate-income borrowers compared to the 4.20% of families within the AA being moderate-income. The bank has greater market share in lending to low- and moderate-income borrowers for all HMDA related products than their overall market share. This reflects FNB's excellent performance in this category.

*See Tables 7-9 in the Appendix section of this report for further details on Lending to Borrowers of Different Income Levels .*

### **Lending to Small Businesses and Small Farms**

FNB's level of lending to small businesses in the assessment area is good. During the evaluation period, FNB originated 617 small business loans for approximately \$87.5 million. Lender market share reports for 1998 show FNB's market share for loans to businesses with less than \$1 million in revenues is 3.31 versus market share of 2.92 for all business loans. *See Tables 10-11 in the Appendix section of this report for further details on borrower distribution of small business and small farm loans.*

There are 13,850 companies which qualify as small businesses representing 70.5% of total businesses within the assessment area. There are also 881 small farms which equate to 91.5% of total farms within the assessment area. During the evaluation period, 52.7% of FNB's small business loans were made to businesses with less than or equal to \$1 million in gross annual revenues. FNB did not make any loans to small farms during the evaluation period. Additionally, the majority of all small business loans (59.8%) originated during the evaluation period were for less than \$100,000.

### **Community Development Lending**

FNB has an excellent level of community development lending within their assessment area.

During the evaluation period, FNB approved and provided financing to a local not-for-profit group for several projects within the AA totaling \$4.8 million funded. Two of these projects have been self-certified by the bank to comply with 12 CFR 24 - Community Development Corporations, Community Development Projects and Other Public Welfare Investments requirements.



The first of these projects is a converted industrial factory in West Chester borough, which has been refitted into a multi-family residential building consisting of 62 units for low-income, elderly housing. This is HUD-approved, project-based Section “8” housing. The bank’s initial loan commitment was \$3.95 million, with \$3.5 million funded as of October 4, 1999. The bank also made an equity investment into this project which is discussed in the Community Development Investment section of this report.

The second project is a converted school building located in Honey Brook, Chester County that has been refitted into 33 units for low-income, elderly housing. The bank’s initial loan commitment was \$1.75 million, with \$914 thousand funded as of October 4, 1999. The bank also made an equity investment into this project which is discussed in the Community Development Investment section of this report.

FNB has also approved a \$500 thousand line of credit for the same not-for-profit group. This line is to be used for pre-development costs associated with a “Hope VI” project in Coatesville, Chester County. The not-for-profit group received a \$16.4 million HUD “Hope VI” grant for the Coatesville area and needs the line of credit to cover costs between disbursements from HUD on the grant funds. “Hope VI” is a program that issues grants on a need/project proposal basis for the purpose of rehabilitating communities with existing public housing projects that have failed to one extent or another. As of October 4, 1999 the funded balance on the line of credit was \$390 thousand.

*See Table 1 in the Appendix section of this report for further details on the bank’s community development lending.*

## **Product Innovation**

FNB uses limited flexible lending practices in order to serve the credit needs of its AA. FNB participates in U.S. Small Business Administration (“SBA”) lending programs. During the evaluation period, FNB made six loans totaling \$255 thousand with each having the benefit of a SBA guarantee. All of the loans made in conjunction with the SBA have been included in the bank’s small business lending reports.

## **Investment Test**

The bank has a good level of qualified investments, totaling \$986 thousand that benefit their assessment area, based on opportunities and the asset size of the bank. Several investment opportunities exist throughout the banks AA. Typical opportunities include equity investments in low-income housing projects, small business investment corporations, SBA Certified Development Companies and Community Development Financial Institutions.

FNB has made equity investments into two low-income housing projects in Chester County. Both of these projects are described in detail in the Community Development Lending section of this report. Both projects have qualified for Federal low-income housing tax credits for the equity investors. FNB made a \$514 thousand equity investment into the project located in West Chester borough and a \$472 thousand equity investment into the project located in Honey Brook, PA during the evaluation period.

FNB also made qualified contributions to nine not-for-profit organizations in the total amount of \$9,750.

*See Table 12 in the Appendix section of this report for further details on the bank's qualified investments.*

## **Service Test**

### **Retail Banking Services**

FNB's branch delivery systems are accessible to geographies and individuals of different income levels in the assessment area. FNB provides banking services throughout the entire assessment area with seven branch locations. FNB also offers ten ATMs to its customers, one at each branch location and one each at West Chester University, Chester County hospital and Sheller Oil Company. Five of the seven branches are equipped with drive-in facilities. As noted earlier in this evaluation, one branch was opened during this evaluation period in a moderate-income CT, meaning forty-three percent of the bank's branches are now located in moderate-income CTs. Please refer to Appendix A, Table 13 for more details on the bank's branch distribution.

Office hours meet the convenience and needs of the entire community and include extended weekday and Saturday hours at all locations. The majority of low- and moderate-income families reside within middle- and upper-income CTs within the AA. Services do not vary in any way that inconvenience low- and moderate-income individuals living within the assessment area. *See Table 13 in the Appendix section of this report for further details.*

FNB offers a standard array of products and services appropriate for an institution of its size and capacity. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers.

Additionally, FNB has tailored its services by providing bilingual customer service representatives and tellers in their Kennett Square office. Bilingual services are an identified need in the assessment area. The need for bilingual personnel helps the large Spanish speaking community in the Kennett Square area and serves the migratory farm workers that are in the area for seasonal employment. The majority of these migratory farm workers do not speak English. While this branch is not located in a moderate income area, this service is imperative for the Spanish speaking population in conducting their banking needs such as cashing checks, opening savings accounts and purchasing money orders. FNB has been

very responsive to this identified need.

### **Community Development Services**

FNB provides an adequate level of community development services within its assessment area. As a member of the Federal Home Loan Bank (“FHLB”), FNB applied for and received a \$108 thousand grant on November 11, 1998 from the FHLB’s Affordable Housing Program. FNB was a conduit for these grant funds, as the funds were given directly to the Alliance for Better Housing for a 24 unit low-income housing project for first time homebuyers, targeted toward the growing Hispanic farm workers community in southern Chester County.

### **Compliance with Antidiscrimination Laws**

A fair lending review performed in conjunction with this CRA examination revealed that FNB is complying with fair lending regulations. During this examination we reviewed all applications, both approved and denied, for home purchase mortgages received by the bank from January 1, 1999 through June 30, 1999 for consistent underwriting and loan terms. No violations of the substantive provisions of the anti-discrimination laws were discovered.

#### **Appendix-A**

<b>Scope of Examination</b>			
<b>Time Period Reviewed</b>	January 1, 1997 through October 4, 1999		
<b>Financial Institution:</b> First National Bank of West Chester, West Chester, PA	<b>Products Reviewed:</b> HMDA Reportable Loans, Small Business Loans, Community Development Loans, Investments, and Services		
<b>Affiliates</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>	
None			
<b>List of Assessment Areas and Type of Examination</b>			
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Branches Visited</b>	<b>Other Information</b>
Includes Portions of MSA 6160 within the Philadelphia-Wilmington-Atlantic City CMSA 77	On-Site	FNB’s High Street and Matlack Street offices in West Chester, PA	None



## Appendix B: Tables of Performance Data

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### Content of Standardized Tables

References to the **Abank** include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the

percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME		State: Pennsylvania				Evaluation Period: January 1, 1997 TO October 4,1999						
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:												
Chester County	N/A *	693	42,822	617	87,491	0	0	3	4,804	1,313	135,117	100.00
Limited-Scope:												



\* - FNB does not track this information.

**Table 2. Geographic Distribution of Home Purchase Loan Originations**

Geographic Distribution: HOME PURCHASE																
			State: Pennsylvania				Evaluation Period: January 1, 1997 to October 4, 1999									
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase 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
Full-Scope:																
Chester County	0.46	0.0	3.26	2.20	33.02	21.98	63.24	75.82	55	0.46	0.00	0.31	0.38	0.49	44	100.0
Limited-Scope:																

(\*) Based on 1998 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loan Originations**

Geographic Distribution: HOME IMPROVEMENT		State: Pennsylvania				Evaluation Period: January 1, 1997 to October 4, 1999										
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement 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
Full-Scope:																
Chester County	0.46	0.23	3.26	3.27	33.02	28.50	63.24	67.76	6	4.84	0.00	6.42	5.03	4.69	155	100.0
Limited-Scope:																

(\*) Based on 1998 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations**

Geographic Distribution: HOME MORTGAGE REFINANCE																
State: Pennsylvania					Evaluation Period: January 1, 1997 to October 4, 1999											
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance 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
Full-Scope:																
Chester County	0.46	0.00	3.26	0.00	33.02	17.82	63.24	82.18	29	0.89	0.00	0.00	0.43	1.14	113	100.0
Limited-Scope:																

(\*) Based on 1998 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL BUSINESS      State: Pennsylvania      Evaluation Period: January 1, 1997 to October 4, 1999																
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:																
Chester County	0.37	0.32	5.37	6.32	27.95	28.85	66.23	64.34	8	2.95	0.00	3.76	2.57	3.16	228	100.0
Limited-Scope:																

(\*) Based on 1998 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Farm Loan Originations**

Geographic Distribution: SMALL FARM      State: Pennsylvania      Evaluation Period: January 1, 1997 to October 4, 1999																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Chester County	0.00	0.00	5.72	0.00	42.00	0.00	51.98	0.00	N/A	N/A	N/A	N/A	N/A	N/A	0	0
Limited-Scope:																

(\*) Based on 1998 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loan Originations**

Borrower Distribution: HMDA HOME PURCHASE      State: Pennsylvania      Evaluation Period: January 1, 1997 to October 4, 1999																
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Purchase Loans	
	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Chester County	0.74	4.40	4.20	15.38	34.39	23.08	60.67	52.75	55	0.46	1.08	0.68	0.58	0.33	44	100.0
Limited-Scope:																

(\*) Based on 1998 Aggregate HMDA Data only.

**Table 8. Borrower Distribution of Home Improvement Loan Originations**

Borrower Distribution: HOME IMPROVEMENT		State: Pennsylvania				Evaluation Period: January 1, 1997 to October 4, 1999							Total Home Improvement Loans			
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					#	% of Total
	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans		Overall	Low	Mod	Mid	Upp		
Full-Scope:																
Chester County	0.74	11.45	4.20	19.16	34.39	22.43	60.67	43.22	6	4.84	9.44	6.70	4.41	3.87	155	100.0
Limited-Scope:																

(\*) Based on 1998 Aggregate HMDA Data only.



**Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations**

Borrower Distribution: HOME MORTGAGE REFINANCE																
State: Pennsylvania				Evaluation Period: January 1, 1997 to October 4, 1999												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Full-Scope:																
Chester County	0.74	1.72	4.20	12.07	34.39	24.71	60.67	55.75	29	0.89	0.22	0.97	1.16	0.88	113	100.0
Limited-Scope:																

(\*) Based on 1998 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Business Loan Originations**

Borrower Distribution: SMALL BUSINESS      State: Pennsylvania      Evaluation Period: January 1, 1997 to October 4, 1999											
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
Full-Scope:											
Chester County	70.50	52.67	46.30	59.81	23.17	17.02	2.92	3.31	617	100	76
Limited-Scope:											

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

(\*\*) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1998 Aggregate Small Business Data only.

(\*\*\*) Based on 1998 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Farm Loan Originations**

Borrower Distribution: SMALL FARM      State: Pennsylvania      Evaluation Period: January 1, 1997 to October 4, 1999											
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans		
	% of Farms*	% BANK Loans	% Market Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full-Scope:											
Chester County	91.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0
Limited-Scope:											

(\*) As a percentage of farms with known revenues.  
 (\*\*) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1998 Aggregate Small Farm Data only.  
 (\*\*\*) Based on 1998 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Pennsylvania Evaluation Period: January 1, 1997 to August 9, 1999									
MSA /Assessment Area	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full Scope:									
Chester County	0	0	0	11	996	100	11	996	100
Limited Scope:									

(\*) "Prior period investments" means investments made in a previous evaluation period that remain outstanding.

(\*\*) Percentage of the dollars invested in the assessment area that are prior period investments or current period investments.

