
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 19, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Leesport
Charter Number: 9495**

**133 North Centre Avenue
Leesport, Pennsylvania 19533**

**Northeastern Pennsylvania Duty Station
100 Hazle Street
Wilkes Barre PA 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 **the First National Bank of Leesport** prepared by **the Comptroller of the Currency**, the institution's supervisory agency, as of February 19, 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 information:

- The bank's loan to deposit ratio is above local and national peer averages.
- On average, 80% and 82% of the bank's Home Mortgage Disclosure Act (HMDA) and business loan originations, respectively, were made within the assessment area during 1995 and 1996.
- The volume of HMDA loans originated to individuals of differing income levels was reasonable.
- A substantial majority, or 90%, of the bank's business loan originations were to small businesses.
- The geographic distribution of HMDA and business loans in the assessment area is good.

The following table indicates the performance level of the First National Bank of Leesport with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	GUARANTY 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 have been received since the last examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Leesport (FNBL) is a \$163 million institution located 10 miles north of Reading, Pennsylvania. FNBL is a wholly owned subsidiary of the First Leesport Bancorp, Inc. The main office is located in Leesport, in Berks county. FNBL also has four full service branches located in Blandon, Reading (Rockland Plaza branch), Wernersville, (Phoebe Berks branch), and Wyomissing Hills. The branch in Wernersville is located in a retirement village. The bank also leases a loan operations center in Wyomissing. The bank operates four automated teller machines at the Leesport, Blandon, Wyomissing Hills and Rockland Plaza branch sites. The loan portfolio is comprised of 53% one-to-four family mortgages, 3% multifamily mortgages, 33% commercial credits, 10% instalment loans, and 1% agricultural credits. Loans currently equal 67% of total assets. There are no known legal or financial impediments to prevent FNBL from meeting the credit needs of its community. The bank's offices are open extended hours to better service customers. Management's primary business focus is residential real estate and small business lending.

DESCRIPTION OF ASSESSMENT AREA

FNBL's assessment area consists of 51 census tracts in MSA 6680-Reading, Pennsylvania. The assessment area consists of four low income, 15 moderate income, 26 middle income and six upper income census tracts (CTs). All of the bank's low and moderate income census tracts are located in the city of Reading. The bank's branch office in Reading is in an upper income census tract that is not contiguous to the low and moderate income tracts. This branch is the bank's newest office, and was opened in 1994. Within the low and moderate income CTs, the percentage of rental housing units comprises 61% and 42%, respectively, of the total housing units, which could tend to limit residential housing lending opportunities in the area.

The population of the assessment area totals 203,351 and the MSA Updated Median Family Income is \$43,100. The percentage of low, moderate, middle, and upper income families living within the assessment area is 19%, 20%, 26%, and, 35%, respectively. The median housing value is \$64,600. Owner occupied and rental housing accounts for 66% and 28%, respectively of the total housing units.

The local trade area has a stable economy with the majority of job opportunities provided by the greater Reading area. The unemployment rate for Berks county is below both national and state averages at 4%, as of December 1996. Major area employers include Carpenter Technology, Corp., Lucent Technology, Berks county, Reading Hospital, Dana Corporation, East Penn Manufacturing, local financial institutions, and area school districts. Strong competition for loans and deposits is provided by several neighboring community banks as well as larger regional institutions with branch offices in the area.

Management indicated that the primary credit needs in their area are for residential housing and small business loans. There is also demand for municipal infrastructure financing and residential development loans, due to strong population growth in several communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

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

Loan to Deposit Ratio

FNBL's average loan to deposit ratio for the last eight quarters was 80%. This ratio compares favorably to the national peer average of 69%. This level of lending performance is also comparable to the 79% ratio achieved by other similar sized banks operating in Berks County. Management has also sold approximately \$17 million in mortgage loans over the past two years. The loan to deposit ratio would currently equal 90% when adjusted for these loan sales.

Lending in Assessment Area

Residential and small business lending constitute the majority of the bank's loan originations. We reviewed the bank's HMDA loan application register (LAR) and commercial loan listing to determine the location of these originations. The bank has a good record of serving the credit needs of its community. A substantial majority of FNBL's HMDA and business loans are originated within the assessment area, as indicated in the table and paragraph below.

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	192	50	79%	13,893	4,739	75%
1996	227	57	80%	15,854	4,540	78%
TOTAL	419	107	80%	29,747	9,279	76%

Our business loan sample included all of the business loans originated by the bank in 1995 and 1996, which totaled 79 and 76, respectively. Our analysis of this sample revealed that 84% and 80% of these commercial loans were made within the assessment area in 1995 and 1996, respectively.

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

Analysis of lending to borrowers of different income levels was performed using all HMDA loans originated within the assessment area, and is presented in the table which follows. Our review of HMDA loans revealed reasonable lending patterns during the examination period.

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS					
HMDA LOANS -1995 and 1996					
Income level of Borrower	\$ Amount of Loans - 1995	# of Loans	\$ Amount of Loans - 1996	# of Loans	Family Income levels in AA
Low	4%	7%	6%	13%	19%
Moderate	18%	27%	12%	18%	20%
Middle	28%	30%	30%	31%	26%
Upper	49%	36%	48%	35%	35%
N/A	1%	0%	4%	3%	0%
Total	100%	100%	100%	100%	100%

Small businesses are defined as those with less than \$1,000,000 in gross annual revenues. Our sample of 61 commercial loans originated in 1996, revealed that 90% were to small businesses in 1996. Income information was not available for two of the loans originated in 1996. Our sample of 66 commercial loans in 1995 revealed that 89% were made to small businesses.

Geographic Distribution of Loans

FNBL's geographic lending patterns are reasonable. Our analysis of the dispersion of FNBL's HMDA loan originations is presented in the table which follows. Although the number of loans in low and moderate income CTs appears low, the percentage of loans made in low and moderate income areas increased in 1996. In addition, the bank's branch in Reading was just opened in December 1994, and all of the low and moderate income geographies in the bank's assessment area are located in Reading. Management continues to make outreach efforts in the Reading community to further their lending in the city of Reading. The bank's oldest offices, Leesport and Blandon, are located in middle income census tracts, which corresponds with the higher percentage of lending in middle income geographies.

GEOGRAPHIC LOAN DISTRIBUTION					
HMDA LOANS -1995 and 1996					
Income level of Census Tract	\$ Amount of Loans - 1995	# of Loans	\$ Amount of Loans - 1996	# of Loans	Geographic distribution of census tracts
Low	1%	2%	1%	2%	8%
Moderate	3%	7%	5%	9%	29%
Middle	79%	77%	14%	77%	51%
Upper	17%	14%	80%	12%	12%
Total	100%	100%	100%	100%	100%

Our commercial loan sample for 1996 included 61 commercial loans. Of these credits, 16% were made in moderate income tracts, 72% were made in middle income tracts, and 12% were made in upper income tracts. None of the credits were originated in low income tracts. Our commercial loan sample for 1995 included 66 originations. The bank extended 4% of these loans in low income tracts, 8% in moderate income tracts, 70% in middle income tracts and 18% in upper income tracts.

Fair Lending Examination Results

A concurrent fair lending examination was performed. No violations of the substantive provisions of the antidiscrimination laws and regulations were identified.