



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Public Disclosure**

**July 24, 2006**

**Community Reinvestment Act**  
**Performance Evaluation**

**County National Bank**  
**Charter Number: 13998**

**Market & 2nd Street**  
**Clearfield, PA 16830**

**Office of the Comptroller of the Currency**

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**MAO 9/20/06**

*NOTE: This document is an evaluation of this 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. This evaluation is not, and should not 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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## Overall CRA Rating

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

The following table indicates the performance level of **County National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	County National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- CNB has demonstrated an excellent record of originating residential mortgage and small business loans within its AAs.
- CNB has a good record of originating residential mortgage loans in moderate-income AA geographies and among AA borrowers.
- CNB has an excellent record of originating small business loans in moderate-income AA geographies and to AA small businesses.
- CNB’s record of originating community development loans has a positive impact on CNB’s lending test.
- CNB’s level of community development investments is good, particularly given limited area community development investment opportunities.
- CNB’s service and delivery system is readily accessible to individuals and geographies of different income levels.
- CNB representatives are involved in a good level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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 with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**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 the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. 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 Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

County National Bank (CNB) is a full service intrastate community bank headquartered in Clearfield, Pennsylvania. CNB is a subsidiary of CNB Financial Corporation (CNBFC), a single bank holding company also located in Clearfield, Pennsylvania. Clearfield Pennsylvania is a predominately rural area located approximately 150 miles northeast of Pittsburgh, Pennsylvania. CNB operates 20 full service branches. Automated teller machines (ATM's) are located at eighteen of CNB's branch offices. CNB has not opened any new branch offices since the most recent Community Reinvestment Act (CRA) examination. CNB's branch network operates within eight adjacent Pennsylvania counties. The counties include Clearfield, Cameron and McKean Counties in their entireties and portions of Elk, Jefferson, Indiana, Cambria and Centre Counties.

CNB continues to focus principally on providing a full range of traditional commercial and retail banking services. CNB originates commercial real estate mortgages and commercial and industrial loans to small and mid-sized businesses in rural north central Pennsylvania. CNB also continues to serve the general consumer market by offering a broad range of lending, deposit and other financial products and services including trust. CNB offers its services through a variety of delivery channels including a centralized customer service center, telephone and internet banking.

As of December 31, 2006, total bank assets were \$754 million and net loans and leases represented 69.45% of average assets. As of year-end 2005, assets included investments of \$166 million, real estate loans of \$293 million, commercial loans of \$207 million, individual loans of \$27 million, and other loans of \$2 million. Commercial, 1-4 family residential mortgage and commercial mortgage loans represent 35%, 29% and 26%, respectively of the CNB's total loan portfolio. Home equity and individual loans comprise the majority of the remainder of the loan portfolio. As of December 31, 2006, CNB's deposits totaled \$624 million and net Tier 1 capital equaled \$53 million. There are no impediments, legal or otherwise which would hinder the bank's ability to help meet the credit needs of its AAs.

Competition emanates primarily from several local and regional financial institutions, some of which have been established in the area for many years. Additionally, the bank competes with branch facilities of larger financial institutions as well as national mortgage and credit card companies. AA competitors operating in excess of ten branch offices within CNB's primary AA include Northwest Savings Bank and First Commonwealth Bank, S&T Bank, Clearfield Bank and Trust Company. CSB Bank and National City Bank of Pennsylvania operate more than 5 branch offices in the AA.

CNB was rated "Outstanding" at its last CRA examination dated February 3, 2003.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

CNB's record of originating small business and residential mortgage loans was evaluated over the period between January 1, 2003 and December 31, 2005. Residential mortgage loans include home purchase, home improvement and home mortgage refinance loans. Small business and residential mortgage loans were evaluated because they represent CNB's primary loan products. CNB's record of Community Development (CD) performance was evaluated over the period between February 3 and July 24, 2006. The evaluation period for CD performance represents the time period between the start of the bank's last CRA exam and the start of its current CRA exam. CD performance is evaluated through a review of CD loans, investments and services.

Over the evaluation period, CNB originated only a nominal number of small farm loans. Therefore, an analysis of CNB's record of originating small farm loans would not have been meaningful and was not performed. Consequently, tables 7 and 12 are not included in the Performance Evaluation. Similarly, over the evaluation period, CNB originated only a nominal number of residential mortgage loans for multi-family housing. Therefore, an analysis of CNB's record of originating multi-family residential mortgage loans would not have been meaningful and was not performed. Consequently, table 5 is not included in the Performance Evaluation. Additionally, since an analysis of consumer loans was not performed, Table 14 was also not included in the Performance Evaluation.

The market share and peer comparisons are based on the information contained in the aggregate HMDA Registers for 2003 and 2004 and the Small Business/Farm Registers for 2003, 2004, and 2005. The 2005 HMDA market share information was not available at the time of this examination. The aggregate HMDA and Small Business/Farm Reports are available for public review.

For the Lending Test, which measures the bank's record of originating residential mortgage and small business loans, it is important to note that the evaluation period covers two separate time periods, since assessment area (AA) demographics were affected by census changes resulting from the 2000 census. As a result of the 2000 census, beginning in January 2004, the Office of Management and Budget (OMB) implemented changes, which affected the demographic information against which bank performance is compared. Small business and residential mortgage loans originated during 2003 were compared against 2000 census data and corresponding area demographics. Small business and residential mortgage loans reported during 2004 and forward were compared against 2000 census data and corresponding area demographics impacted by the OMB changes. Because census information and OMB changes affected demographic information, loan data for the two time periods was analyzed separately.

## Data Integrity

An evaluation of the integrity of CNB's publicly filed loan data relating to home mortgage loans and small business loans as well as CNB's CD loans, investments and services was conducted beginning on March 2, 2006. The objective of the review was to ensure that CNB's reported loan data was reliable and CD loans, investments and services qualified for Community Reinvestment Act (CRA) credit. During the course of the review, we analyzed a sample of small business and home mortgage loans to ensure that the data on which we relied for our evaluation of the bank's performance under the CRA was accurate. We compared information in publicly filed data to information in CNB's loan files to determine accuracy. We also evaluated the processes that the bank employs to help ensure the accuracy of this data. This review revealed that the publicly available information filed by CNB could be relied upon for the purposes of this CRA evaluation. A sample of CD loans, investments and services were reviewed to determine their qualifications under community development, regulatory criteria.

## Selection of Areas for Full-Scope Review

CNB's overall CRA rating is based primarily on CNB's performance in the AA that received a full-scope review. Of CNB's AAs, the AA in which CNB operated the majority of its branch offices, derived the majority of its deposits and originated the majority of its loans, throughout the evaluation period, is the Pennsylvania non-MSA AA. Therefore, the Pennsylvania non-MSA AA is the AA, on which a full scope review was performed.

We performed limited scope-reviews of CNB's MSA AAs. Over the evaluation period, CNB's MSA AAs consist of its Johnstown MSA AA and its State College MSA AA. CNB's Johnstown MSA AA consists of five selected geographies in the Cambria County Pennsylvania. Similarly, CNB's State College MSA consists of three selected geographies in Centre County Pennsylvania. The Johnstown MSA geographies and the State College MSA geographies are contiguous to CNB's non-MSA AA and represent the location of and the geographies surrounding CNB's only Cambria County and Center County branch offices.

When arriving at the Lending Test conclusions, more weight was placed on CNB's performance in the Pennsylvania non-MSA AA than its performance in the two MSA AAs

## Ratings

CNB's overall rating is the consolidation of conclusions reached for each test in the full-scope AA with consideration of CNB's performance in the limited-scope AAs. The bank's overall rating is based primarily on the AA that received a full-scope review.

In arriving at the Lending Test conclusions, more weight was placed on CNB's performance in the Pennsylvania non-MSA AA than its performance in the Johnstown MSA AA and the State College MSA AA. Over the evaluation period, of CNB's AAs, the AA in which CNB operated the majority of its branch offices, derived the majority of its deposits and originated the majority of its loans, is its Pennsylvania non-MSA AA.

Also in arriving at the Lending Test conclusions, equal weight was placed on CNB's record of small business loans and its record of originating residential mortgage loans. Over the evaluation period, CNB's volume of small business land residential mortgage loan originations did not differ significantly.

## **Other**

Examiners contacted the Loan Program Director of a local economic development organization. The economic development organization promotes the improvement of economic conditions through job creation, infrastructure development, public works, industrial development and business financing. The organization serves a six county area in north central Pennsylvania which encompasses five of the counties included within CNB's AAs. The program director described the population as aging and generally declining in size over time. The director also characterized local economic conditions as stable but unemployment as generally above state and national rates. Area employment, according to the director, is derived from light manufacturing including carbon and powdered metal as well as growth in the wood and logging industries. The program director expressed a need for loans associated with small business start-up and expansion. The program director also offered very favorable comments regarding the participation of local financial institutions including CNB in community development, credit related projects and financing programs.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The CNB's performance under the Lending Test is rated "high satisfactory." Based upon full-scope reviews, the bank's performance in its Pennsylvania non-MSA AA is good.

#### Lending Activity

Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's lending activity.

CNB's lending performance demonstrates good responsiveness to community credit needs. Over the evaluation period within its AAs, CNB reported originating 2,523 residential mortgage loans totaling \$142 million and 1,958 small business loans totaling \$198 million.

CNB's record of lending activity in its Pennsylvania non-MSA AA is good. CNB's Pennsylvania non-MSA AA is the AA in which CNB operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans. For the non-MSA AA, small business lending is identified as a community credit need.

Lending market share was compared to deposit market share within the Pennsylvania non-MSA AA. For 2003, CNB's deposit market share within its Pennsylvania non-MSA AA was 15.9%, ranking it 1<sup>st</sup> in market share among institutions taking AA deposits. For 2004, CNB's deposit market share within its Pennsylvania non-MSA AA was 15.2% also ranking it first in market share among institutions taking AA deposits. The institutions that have garnered greater than 5% of the AA's deposit market include large financial institutions as well as smaller locally based banks.

For 2003, CNB's residential mortgage lending market share within its Pennsylvania non-MSA AA was 5.6%, ranking it 6<sup>th</sup> among lenders originating residential mortgage loans in the AA. For 2004, CNB's residential mortgage lending market share within its Pennsylvania non-MSA AA was 5.7% ranking it 5<sup>th</sup> among lenders originating residential mortgage loans in the AA. In originating residential mortgage loans, CNB encounters competition from larger regional and locally based mortgage originators.

For 2003, CNB's small business lending market share within its Pennsylvania non-MSA AA was 7.9%, ranking it 5<sup>th</sup> among lenders originating small loans to businesses in the AA. For 2004, CNB's small business lending market share its Pennsylvania non-MSA AA was 9% ranking it 4<sup>th</sup> among lenders originating small loans to businesses in the AA. Over the evaluation period, in excess of 50% of the AA's market share for small business lending has been controlled by four lenders. In originating small business loans, CNB encounters competition from larger financial service providers including credit card banks. Some major credit card banks have garnered significant AA market share and are ranked ahead of CNB.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Over the evaluation period, CNB's distribution of home mortgage loans throughout its Pennsylvania non-MSA AA geographies is good, particularly considering the context in which CNB operates. Specifically, in its Pennsylvania non-MSA AA, CNB encounters competition from large home mortgage originators as well as regionally and locally based lenders, some of which have garnered significant AA market share. Additionally, demand for residential mortgage lending is impacted by AA population demographics. Specifically, the AA population has declined over time and is aging. Of the AA population, 17% is 65 years of age or older. Of AA households, 34% derive income from social security, 21% include retired residents and 12% live below the poverty level. Additionally, just 10% of all owner-occupied housing located within the Pennsylvania non-MSA AA is located within moderate-income geographies.

Pennsylvania non-MSA AA competition for home mortgage loans combined with the demand for home mortgage lending given AA income levels and housing availability inhibits opportunities for originating home mortgage loans in moderate-income AA geographies.

The evaluation of CNB's distribution of home mortgage loans throughout its Pennsylvania non-MSA AA was based on CNB's record of originating home purchase, home improvement and home mortgage refinance loans among AA geographies. Over the period, the volume of home mortgage loans for multifamily housing originated by CNB was nominal. Therefore, an analysis of CNB's record of multifamily residential mortgage lending would not have been meaningful and was not performed.

CNB's non-MSA AA is comprised of 56 geographies. Of the 56 geographies just eight are categorized as moderate-income and none are categorized as low-income. Since the Pennsylvania non-MSA AA does not contain any low-income geographies, we could not evaluate CNB's record of home mortgage lending in low-income AA geographies. Consequently we evaluated CNB's geographic distribution of AA home mortgage lending by measuring CNB's record of originating home mortgage loans in moderate-income AA geographies.

### ***Home Purchase Loans***

Over the evaluation period, CNB's distribution of home purchase loans throughout its Pennsylvania non-MSA AA geographies is good.

For 2003, CNB's record of originating home purchase loans in moderate-income Pennsylvania non-MSA AA geographies is below the percentage of owner-occupied housing located in those geographies. For the same year, CNB's market share of home purchase loans originated in moderate-income Pennsylvania non-MSA geographies is below its overall home purchase lending market share in the AA.

For 2004 and 2005, CNB's record of originating home purchase loans in moderate-income Pennsylvania non-MSA AA geographies exceeds the percentage of owner-occupied housing located in those geographies. For the same period, CNB's market share of home purchase loans originated in moderate-income Pennsylvania non-MSA geographies exceeds its overall home purchase lending, AA market share.

#### *Home Improvement Loans*

Over the evaluation period, CNB's distribution of home improvement loans throughout its Pennsylvania non-MSA AA geographies is good.

For 2003, CNB's record of originating home improvement loans in moderate-income Pennsylvania non-MSA AA geographies is near to the percentage of owner-occupied housing located in those geographies. For the same year, CNB's market share of home improvement loans originated in moderate-income Pennsylvania non-MSA AA geographies is below its overall home improvement lending, market share in the AA.

For 2004 and 2005, CNB's record of originating improvement loans in moderate-income Pennsylvania non-MSA AA geographies exceeds the percentage of owner-occupied housing located in those geographies. For the same period, CNB's market share of home improvement loans originated in moderate-income Pennsylvania non-MSA AA geographies is near to its overall home improvement lending, AA market share.

#### *Home Mortgage Refinance Loans*

Over the evaluation period, CNB's distribution of home mortgage refinance loans throughout its Pennsylvania non-MSA geographies is good, particularly considering the competition encountered by CNB in its Pennsylvania non-MSA AA.

For 2003, CNB's record of originating home mortgage refinance loans in moderate-income Pennsylvania non-MSA AA geographies is below the percentage of owner-occupied housing located in those geographies. For the same year, CNB's market share of home mortgage refinance loans originated in moderate-income Pennsylvania non-MSA AA geographies is below its overall home mortgage refinance lending, market share in the AA.

For 2004 and 2005, CNB's record of originating home mortgage refinance loans in moderate-income Pennsylvania non-MSA AA geographies slightly exceeds the percentage of owner-occupied housing located in those geographies. For the same period, CNB's market share of home mortgage refinance loans originated in moderate-income Pennsylvania non-MSA AA geographies is below its overall home mortgage refinance lending AA market share.

#### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Over the evaluation period, CNB's distribution of small business loans throughout its Pennsylvania non-MSA AA geographies is excellent, particularly considering the context in which CNB operates. Specifically, in its Pennsylvania non-MSA AA, CNB encounters competition from credit card banks, national, regional and locally-base lenders, some of which have garnered significant AA market share.

CNB's Pennsylvania non-MSA AA is comprised of 56 geographies. Of the 56 geographies just eight are categorized as moderate-income and none are categorized as low-income. Since the non-MSA AA does not contain any low-income geographies, we could not evaluate CNB's record of small business lending in low-income AA geographies. Consequently we evaluated CNB's geographic distribution of AA small business lending by measuring CNB's record of originating small business loans in moderate-income AA geographies.

For 2003, CNB's record of originating small loans to businesses in moderate-income Pennsylvania non-MSA AA geographies exceeds the percentage of small businesses located within those geographies. For the same year, CNB's market share of small business lending originated in moderate-income Pennsylvania non-MSA AA geographies significantly exceeds its overall small business lending market share in the AA.

For 2004 and 2005, CNB's record of originating small loans to businesses in moderate-income Pennsylvania non-MSA AA geographies exceeds the percentage of small businesses located in those geographies. For the same period, CNB's market share of small business lending originated in moderate-income Pennsylvania non-MSA AA geographies significantly exceeds its overall business lending, AA market share.

### ***Small Loans to Farms***

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

CNB originated just six small loans to non-MSA AA farms over the evaluation period. Therefore, an analysis of CNB's record of small farm lending would not have been meaningful and was not performed.

### **Lending Gap Analysis**

There were no unexplained lending gaps in CNB's lending patterns.

### ***Inside/Outside Ratio***

Of residential mortgage and small business loans originated by CNB over the evaluation period, a majority of the loans are originated within CNB's AAs. The analysis of CNB's record of originating loans within its AAs was conducted at the bank level. The analysis included reportable residential mortgage and small business loans originated by CNB over the evaluation period.

Of the total number of residential mortgage and small business loans originated by CNB, during 2003, 95% and 87% respectively were originated inside CNB's AAs. Similarly, of the total number of residential mortgage and small business loans originated by CNB, during 2004



and 2005, 96% and 91% respectively were originated inside CNB's AAs. Of combined residential and small business loans reported by CNB and included for review, over the entire evaluation period covering 2003, 2004 and 2005, 92% were originated within CNB's AAs. CNB's record of originating loans within its AAs was positively factored into the overall geographic distribution analysis.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Over the evaluation period, CNB's distribution of home mortgage loans throughout its Pennsylvania non-MSA geographies is good, particularly considering the context in which CNB operates. Specifically, in its Pennsylvania non-MSA AA, CNB encounters competition from large mortgage originators as well as regionally and locally based lenders some of which have garnered significant Pennsylvania AA market share. Additionally, demand for residential mortgage lending is impacted by AA population demographics. Specifically, the AA population has declined over time and is aging. Of the AA population, 17% are 65 years of age or older. Of AA households, 34% derive income from social security, 21% include retired residents and 12% live below the poverty level.

Pennsylvania non-MSA AA competition for home mortgage loans combined with the demand for residential mortgage lending given AA income levels inhibits opportunities for originating residential mortgage loans to low-and moderate-income AA borrowers.

The evaluation of CNB's distribution of home mortgage loans throughout its Pennsylvania non-MSA AA was based on CNB's record of originating home purchase; home improvement and home mortgage refinance loans. CNB originated just nine residential mortgage loans for multifamily non-MSA AA housing over the evaluation period. Therefore, an analysis of CNB's record of multifamily residential mortgage lending would not have been meaningful and was not performed.

### ***Home Purchase Loans***

Over the evaluation period, CNB's distribution of home purchase loans among Pennsylvania non-MSA AA borrowers of different income levels is good, particularly considering the competition encountered by CNB in its Pennsylvania non-MSA AA.

For 2003, CNB's record of originating home purchase loans to low-income Pennsylvania non-MSA AA borrowers is below the percentage of low-income families residing in the AA. For the same year, CNB's record of originating home purchase loans to moderate-income non-MSA AA borrowers exceeds the percentage of moderate-income AA families. For 2003, CNB's market share of home purchase loans originated to low-and moderate-income AA borrowers is below its overall home purchase lending, market share in the AA.

For 2004 and 2005, CNB's record of originating home purchase loans to low-income non-MSA AA borrowers is below the percentage of low-income AA families. For the same period, CNB's record of originating home purchase loans to moderate-income non-MSA AA borrowers exceeds the percentage of moderate-income AA families. For 2004 and 2005, CNB's market share of home purchase loans originated to low-income AA borrowers exceeds its overall home purchase lending, AA market share. For the same period, CNB's market share of home purchase loans originated to moderate-income borrowers is below to its overall home purchase lending AA market share.

#### *Home Improvement Loans*

Over the evaluation period, CNB's distribution of home improvement loans among non-MSA AA borrowers of different income levels is excellent, particularly considering the competition encountered by CNB in its non-MSA AA.

For 2003, CNB's record of originating home improvement loans to low-income non-MSA AA borrowers is below the percentage of low-income families residing in the AA. For the same year, CNB's record of originating home improvement loans to moderate-income Mercer AA borrowers exceeds the percentage of moderate-income AA families. For 2003, CNB's market share of home improvement loans originated to low-and moderate-income AA borrowers exceeds its overall home improvement lending, market share in the AA.

For 2004 and 2004, CNB's record of originating home improvement loans to low-income non-MSA AA borrowers is below the percentage of low-income families residing in the AA. For the same period, CNB's record of originating home improvement loans to moderate-income non-MSA AA borrowers exceeds the percentage of moderate-income AA families. For 2004 and 2005, CNB's market share of home improvement loans originated to low-and moderate-income AA borrowers exceeds its overall home improvement lending, AA market share.

#### *Home Refinance Mortgage Loans*

Over the evaluation period, CNB's distribution of home mortgage refinance loans among Pennsylvania non-MSA AA borrowers of different income levels is adequate, particularly considering the competition encountered by CNB in its Pennsylvania non-MSA AA.

For 2003, CNB's record of originating home mortgage refinance loans to low-income Pennsylvania non-MSA AA borrowers is well below the percentage of low-income families residing in the AA. For the same year, CNB's record of originating home mortgage refinance loans to moderate-income Pennsylvania non-MSA AA borrowers is below the percentage of moderate-income AA families. For 2003, CNB's market share of home mortgage refinance loans originated to low-and moderate-income AA borrowers is below its overall home mortgage refinance, lending market share in the AA.

For 2004 and 2005, CNB's record of originating home mortgage refinance loans to low-income non-MSA AA borrowers is well below the percentage of low-income families residing in the AA. For the same period, CNB's record of originating home mortgage refinance loans to moderate-income non-MSA AA borrowers slightly exceeds the percentage of moderate-income AA families. For 2004 and 2005, CNB's market share of home mortgage refinance loans originated to low-income AA borrowers slightly exceeds its overall home mortgage refinance,

lending market share in the AA. For the same period, CNB's market share of home mortgage refinance loans originated to moderate-income borrowers is near to its overall home purchase lending AA market share.

### ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Over the evaluation period, CNB's distribution of small loans among Pennsylvania non-MSA AA businesses of different sizes is good, particularly considering the context in which CNB operates. Specifically, in its Pennsylvania non-MSA AA, CNB encounters competition from credit card banks, national, regional and locally-base lenders, some of which have garnered significant AA market share.

For 2003, CNB's record of originating small loans to Pennsylvania non-MSA AA small businesses (businesses with revenues of \$1 million or less) exceeds the percentage of small businesses located in the AA. For the same year, CNB's market share of small business lending to Pennsylvania non-MSA AA small businesses exceeds its overall business lending market share in the AA.

For 2004 and 2005, CNB's record of originating small loans to Pennsylvania non-MSA AA small businesses exceeds the percentage of small businesses located in the AA. For the same period, CNB's market share of small loan business lending originated to Pennsylvania non-MSA AA small businesses exceeds its overall business lending, AA market share.

Over the entire evaluation period of 2003, 2004 and 2005, the percentage, of CNB's AA business loans, which were originated for \$100 thousand or less, is significantly greater than the percentages of CNB's business loans, which were originated for more than \$100 thousand. CNB's record of originating small business loans to Pennsylvania non-MSA AA businesses meets an identified credit need.

### ***Small Loans to Farms***

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

CNB originated six small loans to Pennsylvania non-MSA AA farms over the evaluation period. Therefore, an analysis of CNB's record of small farm lending would not have been meaningful and was not performed.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Overall, CNB's record of originating CD loans had a positive impact on the evaluation of CNB's lending performance activity. The loan was responsive to the needs of the AA.

Community Development loans are defined as loans which are not reported as Small Business Loans and have as their primary purpose community development. CNB made one loan over the period for which community development was the primary purpose. The loan is an operating line of credit to a regional community action group. The loan benefits both revitalization and low- and moderate-income (LMI) housing programs.

The regional community action group's programs include:

- An energy assistance program designed to assist low-income households in minimizing energy needs through weatherization improvements;
- A housing assistance program designed to assist the homeless and near homeless meet temporary and permanent housing needs; and
- An employment and training program designed to assist low-income clients develop and refine skills and techniques for successfully seeking and completing educational and training programs.

## **Product Innovation and Flexibility**

CNB has developed and or implemented a program that benefits LMI individuals or geographies in the AA. This product had a neutral impact on the lending test rating. Specifically, this program is a first time homebuyers program that provides flexible underwriting and financing options. The flexible lending program serves to address credit needs of low-and moderate-income individuals. Under this program, as of July 24, 2006, the bank has originated 84 loans with a dollar value of \$4.2 million. These loans are reported in the bank's total HMDA lending activity. HMDA lending activity over the evaluation period can be found in Appendix C.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Johnstown MSA and the State College MSA is not inconsistent with the bank's overall "High Satisfactory" Lending Test rating. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Pennsylvania non-MSA AA is good.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

CNB's investments possess only minimal complexities and are not considered to be innovative. CNB's management, and examiners concurred, that investment opportunities within CNB's Pennsylvania non-MSA AA are limited. The majority of local investments consist of municipal bonds. CNB's qualifying investments were obtained through requests to brokers to identify and inform the bank of any available qualifying investment opportunities.

CNB's community development investments are statewide and/or regional in nature and have the potential to benefit CNB's AAs.

During the evaluation period, CNB invested \$1,020,000 in Capital Access Strategies Community Investment Fund which identifies and invests in geographically specific, private placement debt securities supporting community development activities including single and multi-family affordable housing, small business lending and job creation.

During the evaluation period, CNB also invested \$845,000 in two Pennsylvania affordable housing bonds. The Pennsylvania Housing Finance Agency Single Family Mortgage Revenue Bonds are backed by mortgages. The mortgages backing the bonds contain flexible underwriting standards, serve LMI borrowers, and include areas that encompass CNB's Pennsylvania non-MSA AA as well as the larger statewide area.

During the previous evaluation period, CNB also invested \$500,000 in a Pennsylvania affordable housing bond. The Pennsylvania Housing Finance Agency Single Family Mortgage Revenue Bond is also backed by mortgages. The mortgages backing the bonds contain flexible underwriting standards, serve LMI borrowers, and include areas that encompass CNB's non-MSA AA as well as the larger statewide area.

Over the evaluation period, CNB made community development contributions within its Pennsylvania non-MSA AA which totaled \$9,000.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in the Johnstown MSA and the State College MSA is not inconsistent with the bank's overall "High Satisfactory" Investment Test rating. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

### **SERVICE TEST**

The bank's performance under the Service Test is rated "Outstanding" based on full-scope reviews, the bank's performance in the Clearfield AA is excellent.

## Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated excellent. Based on full-scope reviews, the bank's performance in the Pennsylvania non-MSA AA is excellent.

### Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CNB's service and delivery systems are accessible to geographies and individuals of different income levels in the Pennsylvania non-MSA AA. Retail banking services offered are consistent throughout the AA. Within its Pennsylvania non-MSA AA, CNB operates a network of eighteen full-service branches. Of the geographies within CNB's Pennsylvania non-MSA AA, none of the geographies are classified as low-income. Of the eighteen full service branches, four are located in moderate-income geographies, twelve are located in middle-income geographies, and two are located in upper-income geographies. Of the branch offices, CNB operates within its Pennsylvania non-MSA, AA, 22% are located in moderate-income CTs where 11% of the Pennsylvania non-MSA AA population resides. ATM's are located adjacent to sixteen branches. Of the sixteen ATMs CNB operates within its Pennsylvania non-MSA AA; two, twelve and two are situated in moderate-, middle, and upper-income AA geographies respectively. The bank has closed no full service branches since the prior examination.

Business hours are considered to be reasonable. All CNB Pennsylvania non-MSA AA branch offices offer extended hours at least one day each week. A portion of CNB branches, including those located in moderate-income areas, offer Saturday hours. CNB offers standard retail services including internet, and telephone banking, bank-by mail, direct deposit and a checkcard program. In addition, CNB offers alternative bank services including:

- An electronic banking service through which customers can access information on bank accounts, transfer funds between accounts, receive bills, pay bills, make loan payments, and reconcile accounts.
- A service call program which provides customers with 24-hour access to banking services at no charge. This service enables customers to inquire about check clearing, deposits since the most recent statement, transfer funds between accounts and make loan payments.

In evaluating CNB's services, no significant weight was given to these alternative banking programs since the bank does not track how the services reach out to low-and moderate-income individuals.

### Community Development Services

CNB's record of participation, in AA CD services, is good. CNB representatives hold positions of leadership in a variety of community organizations that respond to Pennsylvania non-MSA AA needs by providing services, which target low- and moderate-income AA individuals or contribute to the revitalization or stabilization of low-and or moderate-income AA geographies.

The following are Pennsylvania non-MSA AA community development services in which CNB representatives participate:

- A CNB commercial lender serves on the Board of Directors and as Secretary for the Central Pennsylvania Development Community Action, Inc and Central PA Development Corporation (CPCA). CPCA is an organization, which services Clearfield and Centre Counties as a provider of services to or as an advocate for the economically disadvantaged. The organization identifies and assembles resources to provide comprehensive managed services to its constituency. Services provided by the organization to the LMI population include housing, utility and transportation assistance, emergency food, nutrition education, budget counseling, weatherization, and employment related services.
- CNB's President and CEO serves as Chairman of the Clearfield County Economic Development Corporation (CCEDC). The CCEDC is a local non-profit corporation. The organization was formed to promote area economic development.
- A CNB Assistant Vice President serves as Assistant Treasurer for the Moshannon Valley Economic Development Partnership (MVEDP). The MVEDP serves to promote job creation for LMI individuals and economic development through small business financing in the Moshannon Valley. The Moshannon Valley includes western Centre County and 21 municipalities in eastern Clearfield County. The MVEDP works with the Pennsylvania Industrial Development Authority to obtain state and federal matching grants and offer business retention assistance.
- A CNB Vice President serves on the Board of the North Central Pennsylvania Regional Planning and Development Commission (NCPRPDC). The NCPRPDC serves as the administrative entity for the Small Business First Fund, the Appalachian Regional Commission, the US Economic Development Administration, and the Rural Business Cooperative Development Services of NCPRPDC's revolving loan fund programs. Through these programs, financing is made available to small or emerging businesses when conventional sources are insufficient to meet their needs. This organization promotes infrastructure, job training, economic and workforce development.
- A CNB Vice President provides expertise derived from banking experience in his service as a member of the St Mary's Planning Commission. The Planning Commission is responsible for the city codes, ordinances, and zoning requirements pertaining to land development. The commission also designates land for residential, commercial, agricultural or industrial development and ensures that subdivisions meet zoning requirements for storm water management, lot sizes and road access.
- A CNB Vice President serves as a member of the Board of Directors and CEO serves as Chairman of the Clearfield County Economic Development Corporation. The Corporation originates loans to small businesses and develops land for industrial purposes.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Johnstown MSA and the State College MSA is not inconsistent with the bank's overall "Outstanding" Service Test rating. Refer to Table 15 in appendix C for the facts and data that support these conclusions.



## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): January 1, 2003 to December 31, 2005 Investment and Service Tests and CD Loans: February 3, 2003 to July 24, 2006.	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
County National Bank	Residential Mortgage Loans Small Business Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Pennsylvania non-MSA Johnstown MSA State College MSA	Full-Scope Limited-Scope Limited-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Pennsylvania non-MSA

Demographic Information for Full-Scope Area: Pennsylvania non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	56	0.00	14.29	78.57	7.14	0.00
Population by Geography	220,891	0.00	11.40	79.12	9.48	0.00
Owner-Occupied Housing by Geography	68,101	0.00	10.08	80.04	9.88	0.00
Businesses by Geography	12,419	0.00	17.09	73.80	9.11	0.00
Farms by Geography	429	0.00	11.42	80.89	7.69	0.00
Family Distribution by Income Level	60,668	19.02	20.93	25.26	34.79	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	24,239	0.00	14.88	79.10	6.11	0.00
Median Family Income = \$41,475 HUD Adjusted Median Family Income for 2005 = \$48,350 Households Below the Poverty Level = 12%			Median Housing Value = \$60,347 Unemployment Rate = 2.98%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census and 2005 HUD updated MFI.

CNB is headquartered in Clearfield Pennsylvania which is located in Clearfield County. The town of Clearfield is situated in rural north central Pennsylvania and serves as the county seat for Clearfield County. CNB's primary presence including its headquarters and the majority of its branch network is situated its Pennsylvania non-MSA AA. CNB's Pennsylvania non-MSA AA is the AA from which CNB operates the majority of its branches, derives the majority of its deposits and originates the majority of its loans. CNB is a full service lender offering a broad range of lending products that include home mortgage, business, and consumer loans. In addition to traditional deposit and loan products, CNB also offers a wide range of financial products and services including trust.

CNB has a significant presence in the Pennsylvania non-MSA AA. Over the evaluation period, according to FDIC market share reports, CNB ranked first for deposit market share among financial institutions taking deposits in the Pennsylvania non-MSA AA. Specifically, CNB has garnered over 15% of the total dollar amount of AA deposits. CNB encounters competition in the AA for both deposits and loans.

Competition emanates primarily from several local and regional financial institutions, some of which have been established in the area for many years. Additionally, the bank competes with branch facilities of several larger multi-state financial institutions and national mortgage and

credit card companies. Competitors operating in excess of ten branch offices within the Pennsylvania non-MSA AA include Northwest Savings Bank and First Commonwealth Bank, S&T Bank, Clearfield Bank and Trust Company. CSB Bank and National City Bank of Pennsylvania also operate more than five branch offices in the AA.

CNB's Pennsylvania non-MSA AA consists of Clearfield, Cameron, and McKean Counties in their entirety as well as portions of Elk, Jefferson and Indiana Counties. The AA is comprised of 56 geographies which are not located within an MSA. Of its 56 geographies; eight, forty-four and four are categorized as moderate-middle-and upper-income respectively. None of the 56 geographies are categorized as low-income. The AA has a population of 220,891. The population has declined over time and is aging as the area has experienced erosion in its population of 18 to 40 year old residents. Of the AA population, 17% is 65 years of age or older. The updated HUD adjusted median family income is \$41,475. Of Pennsylvania non-MSA AA households, 34% derive income from social security, 21% include retired residents and 12% live below the poverty level.

According to the 2000 census data, housing available within the Pennsylvania non-MSA AA consists of one to four family units (83%), mobile homes and trailers (12%), and multifamily units (4%). Of total AA housing units, 64% are owner occupied, 18% are renter-occupied and 18% are vacant. There are no condominium units among reported housing types available in the AA. The median AA housing value is \$60,347 and housing stock consists primarily of older homes with a median year build of 1954. According to business demographic data, 12,097 businesses and 421 farms operate within the AA. Small AA businesses which report revenues of less than or equal to \$1 million, represent 66% of total AA businesses. Approximately 61% of AA businesses reported having less than four employees.

Historically, the coal industry, served as a primary local employer. However, since the downturn experienced by this industry, the area has struggled with general economic stagnation. As a result, the local unemployment rate has historically exceeded state and national unemployment rates. Major area employers currently operate within the light manufacturing, medical, and service industries. Specifically AA employers include powdered metal, carbon, dye and woodworking facilities. Of Pennsylvania non-MSA AA businesses, 36% are classified as service and 19% are classified as retail.

Examiners contacted the Loan Program Director of a local economic development organization. The economic development organization promotes the improvement of economic conditions through job creation, infrastructure development, public works, industrial development and business financing. The organization serves a six county area in north central Pennsylvania which encompasses five of the Pennsylvania counties within CNB's AAs. The program director described the population as aging and generally declining over time. The director also characterized local economic conditions as stable but unemployment as above state and national rates. Area employment, according to the director, is derived from light manufacturing including carbon, powdered metal and growth in the wood and logging industries. The program director expressed a need for loans associated with small business start-up and expansion. The program director also offered very favorable comments regarding the participation of local financial institutions, including that of CNB, in community development, credit related projects and financing programs.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” 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: (1) purchased loans are treated as originations/purchases 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 MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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 MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 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 Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. 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 share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. 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 share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. 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. 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 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) 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. 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 13. 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 households 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 MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/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 be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

**Table 15. 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 MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table1. Lending Volume**

<b>LENDING VOLUME</b>		<b>Geography: County NB</b>						<b>Evaluation Period: January 1, 2003 TO MONTH DAY, December 31, 2003</b>				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Non-MSA	85.86	732	51,591	541	57,230	2	25	0	0	1,275	108,846	92.15
<b>Limited Review:</b>												
Johnstown MSA	7.07	68	3,281	36	2,192	1	35	0	0	105	5,508	2.46
State College MSA	7.07	82	5,845	23	2,257	0	0	0	0	105	8,102	5.39

\* Loan Data as of 2003 Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is February 2, 2003 to July 24, 2006.

\*\*\* Deposit Data as of 6/30/05. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: County NB								Evaluation Period: January 1, 2003 TO December 31, 2003				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner OCC Units***	% BANK Loans	% Owner OCC Units***	% BANK Loans	% Owner OCC Units***	% BANK Loans	% Owner OCC Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	177	88.50	0.00	0.00	10.08	7.34	80.04	81.92	9.88	10.73	11.52	0.00	7.30	12.82	8.33
<b>Limited Review:</b>															
Johnstown MSA	16	8.00	0.00	0.00	18.63	50.00	81.37	50.00	0.00	0.00	7.80	0.00	21.62	4.76	0.00
State College MSA	7	3.50	0.00	0.00	67.89	100.00	32.11	0.00	0.00	0.00	5.56	0.00	7.78	0.00	0.00

\* Based on 2003 Peer Mortgage Data: Eastern Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.



**Table3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: County NB						Evaluation Period: January 1, 2003 TO December 31, 2003						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner OCC***	% BANK Loans	% Owner OCC Units***	% BANK Loans	% Owner OCC Units***	% BANK Loans	% Owner OCC Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	104	80.62	0.00	0.00	10.08	9.62	80.04	85.58	9.88	4.81	10.62	0.00	6.94	11.70	6.76
<b>Limited Review:</b>															
Johnstown MSA	12	9.30	0.00	0.00	18.63	16.67	81.37	83.33	0.00	0.00	5.02	0.00	4.65	5.10	0.00
State College MSA	13	10.08	0.00	0.00	67.89	100.00	32.11	0.00	0.00	0.00	25.49	0.00	35.14	0.00	0.00

\* Based on 2003 Peer Mortgage Data: Eastern Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Table4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: County NB						Evaluation Period: 1, 2003 TO December 31, 2003						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner OCC***	% BANK Loans	% Owner OCC Units***	% BANK Loans	% Owner OCC Units***	% BANK Loans	% Owner OCC Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
County NB	449	81.49	0.00	0.00	10.08	7.13	80.04	84.41	9.88	8.46	9.11	0.00	6.63	10.12	5.42
<b>Limited Review:</b>															
Johnstown MSA	40	7.26	0.00	0.00	18.63	47.50	81.37	52.50	0.00	0.00	6.30	0.00	19.59	3.90	0.00
State College MSA	62	11.25	0.00	0.00	67.89	98.39	32.11	1.61	0.00	0.00	17.71	0.00	24.60	0.98	0.00

\* Based on 2003 Peer Mortgage Data: Eastern Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Table5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: County NB								Evaluation Period: January 1, 2003 TO December 31, 2003				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
County NB	2	100.00	0.00	0.00	19.67	0.00	73.95	50.00	6.38	50.00	20.00	0.00	0.00	16.67	33.33
<b>Limited Review:</b>															
Johnstown MSA	0	0.00	0.00	0.00	46.82	0.00	53.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State College MSA	0	0.00	0.00	0.00	96.27	0.00	3.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2003 Peer Mortgage Data: Eastern Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

**Table6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: County NB						Evaluation Period: January 1, 2003 TO December 31, 2003								
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*						
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Non-MSA	541	90.17	0.00	0.00	16.79	25.69	73.85	61.37	9.36	12.94	7.92	0.00	17.59	7.11	9.31		
<b>Limited Review:</b>																	
Johnstown MSA	36	6.00	0.00	0.00	22.93	41.67	77.07	58.33	0.00	0.00	1.45	0.00	6.64	1.48	0.30		
State College MSA	23	3.83	0.00	0.00	81.67	95.65	18.33	4.35	0.00	0.00	0.94	0.00	6.04	0.32	0.30		

\* Based on 2003 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2003.

**Table7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: County NB				Evaluation Period: January 1, 2003 TO December 31, 2003								
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA AA	2	66.67	0.00	0.00	13.01	0.00	78.07	100.00	8.92	0.00	4.88	0.00	0.00	6.90	0.00
<b>Limited Review:</b>															
Johnstown MSA	1	33.33	0.00	0.00	2.44	0.00	97.56	100.00	0.00	0.00	12.50	0.00	0.00	50.00	0.00
State College MSA	0	0.00	0.00	0.00	77.78	0.00	22.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2003 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2003

**Table8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: County NB						Evaluation Period: January 1, 2003 TO December 31, 2003						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	175	88.83	18.96	8.00	20.90	25.71	25.25	28.00	34.90	38.29	12.54	10.00	11.17	12.44	14.60
<b>Limited Review:</b>															
Johnstown MSA	15	7.61	19.86	26.67	21.97	26.67	24.14	13.33	34.03	33.33	8.29	20.00	8.70	3.64	8.33
State College MSA	7	3.55	25.24	14.29	26.62	14.29	25.54	42.86	22.60	28.57	7.00	3.85	3.45	14.29	8.33

\* Based on 2003 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table9. Borrower Distribution of Home Improvement Loans**

<b>Borrower Distribution:</b> HOME IMPROVEMENT		<b>Geography:</b> County NB								<b>Evaluation Period:</b> January 1, 2003 TO December 31, 2003					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	102	80.31	18.96	14.71	20.90	28.43	25.25	25.49	34.90	31.37	10.59	11.81	13.00	8.36	10.60
<b>Limited Review:</b>															
Johnstown MSA	12	9.45	19.86	0.00	21.97	16.67	24.14	50.00	34.03	33.33	5.26	0.00	3.70	9.23	5.33
State College MSA	13	10.24	25.24	30.77	26.62	15.38	25.54	30.77	22.60	23.08	25.49	36.36	20.00	19.05	33.33

\* Based on 2003 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: County NB						Evaluation Period: January 1, 2003 TO December 31, 2003						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	436	81.50	18.96	6.19	20.90	18.58	25.25	32.11	34.90	43.12	9.76	7.69	8.50	10.31	10.41
<b>Limited Review:</b>															
Johnstown MSA	40	7.48	19.86	2.50	21.97	5.00	24.14	40.00	34.03	52.50	6.85	2.27	2.06	9.41	7.69
State College MSA	59	11.03	25.24	11.86	26.62	13.56	25.54	35.59	22.60	38.98	19.09	16.28	10.53	20.00	27.06

\* Based on 2003 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.



**Table11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>				<b>Geography: County NB</b>		<b>Evaluation Period: January 1, 2003 TO December 31, 2003</b>			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Non-MSA	541	90.17	64.45	70.43	73.20	16.64	10.17	7.92	12.60
<b>Limited Review:</b>									
Johnstown MSA	36	6.00	69.59	83.33	88.89	8.33	2.78	1.45	3.24
State College MSA	23	3.83	61.77	86.96	73.91	17.39	8.70	0.94	2.34

\* Based on 2003 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B -2003).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0% of small loans to businesses originated and purchased by the Bank.

**Table12. Borrower Distribution of Small Loans to Farms**

<b>Borrower Distribution: SMALL LOANS TO FARMS</b>				<b>Geography: County NB</b>		<b>Evaluation Period: January 1, 2003 TO December 31, 2003</b>			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Non-MSA	2	66.67	94.94	100.00	100.00	0.00	0.00	4.88	5.00
<b>Limited Review:</b>									
Johnstown MSA	1	33.33	95.12	100.00	100.00	0.00	0.00	0.00	0.00
State College MSA	0	0.00	88.89	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2003 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B -2003).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by Bank.

**Table1. Lending Volume**

<b>LENDING VOLUME</b>												
<b>Geography: County NB</b>												
<b>Evaluation Period: January 1, 2004 TO December 31, 2005</b>												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Non-MSA	88.81	1,419	71,338	1,245	129,159	4	105	1	250	2,668	200,602	92.15
<b>Limited Review:</b>												
Johnstown MSA	6.26	116	5,223	71	3,764	1	35	0	0	188	9,022	2.46
	4.93	106	4,623	42	3,545	0	0	0	0	148	8,168	5.39

\* Loan Data as of December 31, 2005. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is February 3, 2003 to July 24, 2006.

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: County NB						Evaluation Period: January 1, 2004 TO December 31, 2005						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over All	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	373	89.23	0.00	0.00	10.08	12.33	80.04	79.89	9.88	7.77	11.13	0.00	12.93	11.80	5.33
<b>Limited Review:</b>															
Johnstown MSA	28	6.70	0.00	0.00	18.63	39.29	81.37	60.71	0.00	0.00	9.61	0.00	16.67	7.43	0.00
State College MSA	17	4.07	0.00	0.00	67.89	100.00	32.11	0.00	0.00	0.00	4.02	0.00	5.93	0.00	0.00

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**Table3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: County NB						Evaluation Period: January 1, 2004 TO December 31, 2005						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	297	83.19	0.00	0.00	10.08	13.13	80.04	81.48	9.88	5.39	12.72	0.00	12.24	13.49	6.32
Johnstown MSA	30	8.40	0.00	0.00	18.63	36.67	81.37	63.33	0.00	0.00	10.70	0.00	22.86	8.33	0.00
State College MSA	30	8.40	0.00	0.00	67.89	86.67	32.11	13.33	0.00	0.00	26.15	0.00	34.88	9.09	0.00

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Table4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: County NB						Evaluation Period: January 1, 2004 TO December 31, 2005						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	742	86.58	0.00	0.00	10.08	10.11	80.04	82.35	9.88	7.55	11.93	0.00	10.17	12.98	6.44
<b>Limited Review:</b>															
Johnstown MSA	56	6.53	0.00	0.00	18.63	30.36	81.37	69.64	0.00	0.00	6.93	0.00	10.29	6.25	0.00
State College MSA	59	6.88	0.00	0.00	67.89	98.31	32.11	1.69	0.00	0.00	14.80	0.00	21.33	1.37	0.00

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Table5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: County NB								Evaluation Period: January 1, 2004 TO December 31, 2005				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	7	77.78	0.00	0.00	19.67	57.14	73.95	42.86	6.38	0.00	16.67	0.00	0.00	20.00	0.00
<b>Limited Review:</b>															
Johnstown MSA	2	22.22	0.00	0.00	46.82	50.00	53.18	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State College MSA	0	0.00	0.00	0.00	96.27	0.00	3.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data: Eastern Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

**Table6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: County NB						Evaluation Period: January 1, 2004 TO December 31, 2005							
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Non-MSA	1245	91.68	0.00	0.00	17.09	21.37	73.80	68.27	9.11	10.36	8.06	0.00	16.91	7.70	8.34	
<b>Limited Review:</b>																
Johnstown MSA	71	5.23	0.00	0.00	22.47	53.52	77.53	46.48	0.00	0.00	1.38	0.51	7.69	1.03	0.00	
State College MSA	42	3.09	0.00	0.00	81.36	90.48	18.64	9.52	0.00	0.00	0.72	0.00	4.23	0.26	0.26	

\* Based on 2005 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2005.



**Table7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: County NB								Evaluation Period: January 1, 2004 TO December 31, 2005				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	4	80.00	0.00	0.00	11.42	0.00	80.89	100.00	7.69	0.00	2.99	0.00	0.00	4.08	0.00
<b>Limited Review:</b>															
Johnstown MSA	1	20.00	0.00	0.00	1.52	0.00	98.48	100.00	0.00	0.00	10.00	0.00	0.00	16.67	0.00
State College MSA	0	0.00	0.00	0.00	83.33	0.00	16.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2005.

**Table8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: County NB						Evaluation Period: January 1, 2004 TO December 31, 2005						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	373	88.23	19.02	14.73	20.93	26.06	25.26	22.38	34.79	36.83	12.37	15.96	12.00	10.59	12.69
<b>Limited Review:</b>															
Johnstown MSA	28	6.70	20.19	14.29	22.10	35.71	24.29	17.86	33.42	32.14	11.11	20.00	14.29	5.88	10.14
State College MSA	17	4.07	25.24	6.25	26.62	18.75	25.54	62.50	22.60	12.50	5.22	2.94	6.06	8.00	0.00

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: County NB				Evaluation Period: January 1, 2004 TO December 31, 2005					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
<b>Full Review:</b>																
Non-MSA	297	83.19	19.02	11.76	20.93	22.49	25.26	28.37	34.79	37.37	12.97	14.10	13.31	11.63	13.33	
<b>Limited Review:</b>																
Johnstown MSA	30	8.40	20.19	10.00	22.10	20.00	24.29	26.67	33.42	43.33	10.90	10.34	11.11	8.62	12.86	
State College MSA	30	8.40	25.24	30.00	26.62	6.67	25.54	20.00	22.60	43.33	26.56	30.00	11.11	21.05	47.06	

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0%of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: COUNTY NB						Evaluation Period: January 1, 2004 TO December 31, 2005						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Non-MSA	742	86.58	19.02	9.92	20.93	20.95	25.26	26.26	34.79	42.88	12.61	12.82	11.19	10.45	15.26
<b>Limited Review:</b>															
Johnstown MSA	56	6.53	20.19	3.70	22.10	25.93	24.29	29.63	33.42	40.74	7.56	6.67	8.14	6.06	8.45
State College MSA	59	6.88	25.24	19.30	26.62	17.54	25.54	40.35	22.60	22.81	16.58	29.41	8.47	18.03	15.38

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>				<b>Geography: COUNTY NB</b>			<b>Evaluation Period: January 1, 2004 TO December 31, 2005</b>		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Non-MSA	1245	91.68	63.97	68.35	72.13	18.88	9.00	8.06	9.99
<b>Limited Review:</b>									
Johnstown MSA	71	5.23	69.87	74.65	88.73	9.86	1.41	1.38	1.96
State College MSA	42	3.09	64.61	64.29	66.67	28.57	4.76	0.72	0.97

\* Based on 2005 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0% of small loans to businesses originated and purchased by the Bank.

**Table12. Borrower Distribution of Small Loans to Farms**

<b>Borrower Distribution: SMALL LOANS TO FARMS</b>		<b>Geography: COUNTY NB</b>			<b>Evaluation Period: January 1, 2004 TO December 31, 2005</b>				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Non-MSA	4	80.00	95.10	100.00	100.00	0.00	0.00	2.99	3.57
<b>Limited Review:</b>									
Johnstown MSA	1	20.00	96.97	100.00	100.00	0.00	0.00	10.00	10.00
State College MSA	0	0.00	91.67	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by Bank.

**Table14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>		<b>Geography: County NB</b>				<b>Evaluation Period: February 3, 2002 TO July 24, 2006</b>			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Non-MSA	0	9	4	0	4	9	0.38	0	0
<b>Limited Review:</b>									
Johnstown MSA	0	0	0	0	0	0	00.00	0	0
State College MSA	0	0	0	0	0	0	00.00	0	0
Statewide/Regional	1	500	3	1,865	4	2,365	99.62	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table15. Distribution of Branch Delivery System and Branch Openings/Closings**

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: County NB Evaluation Period: February 3, 2002 TO July 24, 2006</b>																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Non-MSA	92.15	18	90.00	0	22.22	66.22	11.11	0	0	0	0	0	0	0.00	11.40	79.12	9.48
<b>Limited Review:</b>																	
Johnstown MSA	2.46	1	5.00	0	100	0	0	0	0	0	0	0	0	0.00	19.19	80.81	0.00
State College MSA	5.39	1	5.00	0	100	0	0	0	0	0	0	0	0	0.00	70.30	29.70	0.00