



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

Adams County National Bank
Charter Number: 311

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Office of the Comptroller of the Currency

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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 **Satisfactory**.

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

Performance Levels	Adams County National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
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:

- A substantial majority of home mortgage loans and small loans to businesses and farms are originated within the assessment areas (AAs);
- The borrower distribution of home mortgage loans is adequate;
- Community development loans had a positive impact on the lending test rating;
- The bank has a good level of community development investments and is responsive to the identified credit needs in the AAs;
- Retail services are accessible to geographies and individuals of different income levels in the AAs; and,
- The bank provides a good level of community development services in the AAs.

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

Adams County National Bank (ACNB) is an independent banking institution originally founded in 1857 and headquartered in Gettysburg, Pennsylvania. The bank has offices located in the south central counties of Adams, York and Cumberland. ACNB is a retail intrastate bank with seventeen full service branches and three drive-up offices. Sixteen of these facilities also have on-site ATMs. An additional branch is slated to open in April of 2006. Three of the offices are operated under the name of Farmers National Bank of Newville, a division of Adams County National Bank.

The bank is a full service retail institution offering loans for commercial, consumer, and agricultural purposes and a wide selection of deposit products. Trust services including investment advisory services are also made available by ACNB. The bank also has a tax and accounting services unit to provide tax preparation and accounting services to businesses and individuals. ACNB has three assessment areas (AA) that include all of Adams (a non-MSA) County, PA, portions of York County and portions of Cumberland County.

As of September 30, 2005, total bank assets were \$929 million. Total net loans were \$474 million and total deposits were \$681 million. Net loans and leases represented 51% of total assets. The loan portfolio was comprised of residential mortgages (58%), commercial loans (40%), and consumer loans (2%). Net Tier 1 Capital was \$69 million as of September 30, 2005. Competition in the area is very strong and includes local community banks, regional banks, national non-bank financial institutions, and mortgage companies.

The bank is owned by the Gettysburg-based ACNB Corporation, a \$943 million financial holding company (as of September 30, 2005). The holding company has two wholly-owned subsidiaries, the bank and Russell Insurance Group, Inc., Westminster, MD. This insurance subsidiary offers commercial and personal insurance lines and is licensed in 32 states.

ACNB's last Public Evaluation (PE) was dated October 15, 2002 and the overall CRA rating assigned was "Satisfactory". There are no financial or legal impediments to hinder ACNB's ability to help meet its community credit needs.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test for home mortgages reported under the Home Mortgage Disclosure Act (HMDA) is from January 1, 2002 through September 30, 2005. For small loans to businesses and small loans to farms, the evaluation period is also from January 1, 2002 to September 30, 2005. For community development loans, and the Investment and Service Tests, the evaluation period is from October 15, 2002 through December 5, 2005.

ACNB's record of originating residential mortgages was weighted more heavily than its record of originating loans to small businesses or to small farms, since residential mortgage lending represents the majority of ACNB's lending activity. ACNB's record of originating residential mortgage loans was measured by evaluating ACNB's record of originating home purchase, home improvement, and home mortgage refinance loans. ACNB originated a nominal number of residential mortgage loans for multi-family housing over the evaluation period. Therefore, an analysis of ACNB's record of originating multi-family residential mortgage lending was not meaningful.

For the Lending Test, it is important to note that overall evaluation period covers three 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 loans originated during 2002 were compared against 1990 Census Data and corresponding area demographics. 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 2005 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 three time periods was analyzed separately.

Data Integrity

During September and October of 2005, ACNB's publicly filed information and registers were examined by the OCC to verify the accuracy of the data. We generally found the loan data to be accurate, with the exception of some data errors which were corrected by bank management.

Community development loans, investments, and services submitted by management were also reviewed at that time and again during this examination to ensure that they met the regulatory definition of community development.

Selection of Areas for Full-Scope Review

We conducted a full-scope review of the bank's Adams County assessment area. The assessment area includes all of Adams County and is located in a non-MSA. There are no low- or moderate- income tracts while 48% of tracts are designated as middle- income and the remaining 52% as upper- income. The vast majority of ACNB's loans and deposits are generated within the Adams County assessment area. The bank's main office and a majority of branch locations are also located within the Adams County AA.

ACNB's assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate- income areas. All market share data discussed in this Public Evaluation is from the year 2005, and is in reference to the bank's market share within the stated assessment area rather than in any larger geographic area.

Please refer to Appendix B for further information regarding the market profile of the full-scope assessment area.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews.

Home mortgage products received more weight in evaluating the Lending Test than small loans to businesses. Approximately 71% of the loans originated during the evaluation period were home mortgage loans in the AAs, with small business loans accounting for 25%. Small loans to farms were only 4% of the originations during the evaluation period.

ACNB had an overall excellent market share position, which was taken into consideration and weighted accordingly. We also placed more weight on borrower distribution in evaluating the bank's lending performance, given the absence of any low- and moderate- income geographies in the full-scope AA.

Other

During our examination, we contacted a community group and reviewed two other recent community contacts that had been done in the area. Our discussion was completed by the telephone and we were provided with information regarding the credit needs of the community as well as information regarding the area's housing and small business needs in general. During our discussion, and from information obtained throughout the examination, we learned that the primary credit need is for affordable housing and low rate small loans for small businesses, which would facilitate current business expansion, as well as attract additional small businesses which in turn would add local jobs and tax revenue. The contact also stated that community banks in general are doing a good job in meeting these needs.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test is rated "Low Satisfactory". Based on the full-scope review, the bank's performance in the non-MSA of Adams County is adequate.

Lending Activity

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

Non-MSA: Adams County

Lending activity in the Non-MSA AA of Adams County is adequate. The bank's lending patterns are reflective of the credit needs of the community. During the evaluation period, 79% of the bank's lending was done in this AA.

HMDA reportable loans comprised 70% of all of the lending in Adams County. Purchase, home improvement, and refinance loans represented 29%, 22% and 48% respectively, of all mortgages originated in this AA. The volume of multi-family loans made by the bank was not significant. Therefore, an analysis of these loans is not meaningful.

Small business credit is an important credit need in the AA. Small business loans comprised 26% of all the lending in Adams County. The volume of small farm credit lending based upon the credit demand at the bank was only four percent of all of the lending in the county, but comprised 76% of all of the small farm credits originated by the bank.

ACNB has 14 branches and 83% of its deposits in this AA. In Adams County, ACNB is ranked first for its market share of deposits with a 50% market share as of June 30, 2005. Based upon 2005 HMDA Peer Mortgage Data, ACNB ranked first out of 316 lenders in this AA with a .88% market share.

Based on 2005 HMDA Peer Mortgage Data:

- Market share for the bank for home purchase, home improvement and refinance loans was 7.54%, 11.08% and 5.49% respectively;
- For home purchase lending, ACNB ranked second out of 216 lenders;
- For home improvement lending, ACNB ranked third out of 88 lenders;
- For refinance lending, ACNB ranked third out of 240 lenders.

Based on 2004 Peer Small Business Data, ACNB ranked fifth out of 42 lenders, with a 6.5% market share. Based on 2004 Small Farm Data, ACNB ranked first out of 12 lenders, with a market share of 34%.

Distribution of Loans by Income Level of the Geography

An analysis of the geographic distribution of loans is not meaningful since all of the geographies which comprise the AA subject to full scope analysis, consist entirely of middle- and upper-income geographies.

Lending Gap Analysis

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in ACNB's lending patterns throughout their entire AA.

Inside/Outside Ratio

An analysis of the bank's lending within its assessment areas was performed at the bank level as opposed to the individual AA levels. A substantial majority of the home mortgage loans and small loans to businesses were originated within the bank's assessment areas. For HMDA products, 90% of all originations were within the AAs. For small loans to businesses, 90% of the loans originated were within the AAs, and for small loans to farms, 90% of the loans originated were within the AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of ACNB's home mortgage loans reflects adequate dispersion among borrowers of different income levels in the AA and small loans to businesses and farms also indicates adequate distribution.

We considered demographic factors including the high cost of housing compared to the median family income of a low-income person, and the percentage of individuals below the poverty level, in our home mortgage analysis.

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.

Borrow distribution for home mortgage lending is excellent when considering the difficulty that low- and moderate-income individuals have in purchasing a home in the AAs. During the evaluation period, the median cost of housing in the AA has increased significantly (39%) as compared to the increase in the median family income levels (18%).

Non-MSA: Adams County

In 2002, using the 1990 U.S. Census data, the median cost of housing in the Non-MSA AA of Adams County was \$79,317. The HUD updated median family income for 2002 was \$41,100. A low-income individual earned less than \$20,550. A moderate-income individual earned at least \$20,550 but less than \$32,880. Additionally, 7% of the households were below the poverty level. In 2003-2005, using the

2000 U.S. Census data, the median cost of housing in this Non-MSA AA rose to \$110,102. The HUD updated median family income for 2005 was \$48,350. A low-income individual earns less than \$24,175. A moderate-income individual earns at least \$24,175 but less than \$38,680. Additionally, 7% of households were below the poverty level.

Home Purchase Lending

Borrower distribution for home purchase lending is adequate. During 2002, the percentage of home purchase loans to low-income borrowers in the non-MSA is significantly lower than the percentage of low-income families in the non-MSA. The percentage of loans made to moderate-income borrowers is near to the percentage of moderate-income families in the non-MSA. However, ACNB's percentages of market share to low- and moderate- income borrowers exceed the bank's overall market share of home purchase loans. This performance is adequate when considering the affordability of housing for a low- and moderate-income individual as discussed above.

During 2003, the percentage of home purchase loans to low-income borrowers in the non-MSA was lower than the percentage of low-income families in the non-MSA. ACNB's market share to low-income borrowers exceeds the bank's overall market share of home purchase loans. The percentage of loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the non-MSA. ACNB's percentage of market share to moderate-income borrowers is also exceeds its overall market share. This performance is good when considering the affordability of housing for a low- and moderate-income as discussed above.

During 2004-2005, the percentage of home purchase loans to low-income borrowers in the non-MSA is lower than the percentage of low-income families in the non-MSA. ACNB's market share to low-income borrowers is less than the bank's overall market share of home purchase loans. The percentage of loans made to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the non-MSA. ACNB's percentage of market share to moderate-income borrowers exceeds its overall market share. This performance is adequate.

Home Improvement Lending

Borrower distribution for home improvement lending is good. During 2002, the percentage of home improvement loans to low-income borrowers in this non-MSA exceeds the percentage of low-income families in the SWH MSA. ACNB's percentage of market share to low-income borrowers also exceeds the bank's overall market share. The percentage of loans made to moderate-income borrowers was near to the percentage of moderate-income families in the non-MSA. However, ACNB's percentage of market share to moderate-income borrowers exceeds its overall market share. This performance is good when considering the affordability of housing for a low- and moderate-income person individual as discussed above.

During 2003, the percentage of home improvement loans to low-income borrowers in the non-MSA was lower than the percentage of low-income families in the non-MSA. ACNB's percentage of market share to low-income borrowers exceeds the bank's overall market share of home improvement loans. The percentage of loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the non-MSA and ACNB's percentage of market share to moderate-income borrowers exceeds its overall market share. This performance is good when considering the affordability of housing for a low- and moderate-income individual as discussed above.

During 2004-2005, the percentage of home improvement loans to low-income borrowers in the non-MSA AA was somewhat lower than the percentage of low-income families in the non-MSA. ACNB's

percentage of market share to low-income borrowers exceeds the bank's overall market share of home improvement loans. This performance is good. The percentage of loans made to moderate-income borrowers was near to the percentage of moderate-income families in the non-MSA. ACNB's percentage of market share to moderate-income borrowers exceeds its overall market share. This performance is excellent when considering the affordability of housing for a moderate-income individual as discussed above.

Home Refinance Lending

Borrower distribution for home refinance lending is adequate. During 2002, the percentage of refinances to low-income borrowers in the non-MSA was significantly lower than the percentage of low-income families in the non-MSA. ACNB's percentage of market share to low-income borrowers exceeded the bank's overall market share of home refinancing loans. This performance is adequate. The percentage of loans made to moderate-income borrowers was lower than the percentage of moderate-income families in the non-MSA. ACNB's percentage of market share to moderate-income borrowers also exceeded its overall market share. This performance is adequate when considering the affordability of housing for a moderate-income individual as discussed above.

During 2003, the percentage of home refinancing loans to low-income borrowers in the non-MSA was significantly lower than the percentage of low-income families in the non-MSA. ACNB's percentage of market share to low-income borrowers exceeded the bank's overall market share of home refinancing loans. The percentage of loans made to moderate-income borrowers exceeded the percentage of moderate-income families in the non-MSA. ACNB's percentage of market share to moderate-income borrowers exceeded its overall market share. This performance is adequate when considering the affordability of housing for a low- and moderate-income individual as discussed above.

During 2004-2005, the percentage of home refinancing loans to low-income borrowers in the non-MSA is lower than the percentage of low-income families in the non-MSA. ACNB's market share to low-income borrowers exceeded the bank's overall market share of home refinancing loans. The percentage of loans made to moderate-income borrowers exceeded the percentage of moderate-income families in the non-MSA. ACNB's percentage of market share to moderate-income borrowers is equal to its overall market share. This performance is good when considering the affordability of housing for a low- and moderate-income individual as discussed above.

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.

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition for these loans from very large regional banks and non-bank financial institutions.

Non-MSA: Adams County

During 2002, small loans to small businesses (businesses with revenues of \$1 million or less) represented 87% of all small loans to businesses originated by ACNB compared to 68% of the businesses within the non-MSA. The bank's lending to small businesses exceeded the percentage of small businesses in the AA. Their market share of 25% for small loans made to small businesses substantially exceeded ACNB's overall market share of 10%. The distribution by size of loan shows that a substantial majority of the loan originations are for \$100,000 or less and substantially exceeded the percentage of small businesses in the AA. This is an indication that business lending is primarily to small businesses.

During 2003, small loans to small businesses (businesses with revenues of \$1 million or less) represented 76% of all small loans to businesses originated by ACNB compared to 68% of the businesses within the non-MSA AA. The bank's lending to small businesses exceeded the percentage of small businesses in the AA. Their market share of 13% for small loans made to small businesses substantially exceeded ACNB's overall market share of 7%. The distribution by size of loan shows that a substantial majority of the loan originations are for \$100,000 or less and substantially exceeded the percentage of small businesses in the AA. This is an indication that business lending is primarily to small businesses.

During 2004-2005, small loans to small businesses (businesses with revenues of \$1 million or less) represented 78% of all small loans to businesses originated by ACNB compared to 68% of the businesses within the non-MSA. The bank's lending to small businesses exceeded the percentage of small businesses in the AA. Due to a reporting error, market share data was not available. The distribution by size of loan shows that a substantial majority of the loan originations are for \$100,000 or less and substantially exceeds the percentage of small businesses in the AA. This is another indication that business lending is primarily to small businesses.

Small Loans to Farms

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

The borrower distribution of small loans to farms is excellent, especially when considering the strong competition for these loans from very large regional banks and non-bank financial institutions.

Non-MSA: Adams County

During 2002, small loans to small farms (farms with revenues of \$1 million or less) represented 95% of all small loans to farms originated by ACNB compared to 92% of the farms within the non-MSA. The bank's lending to small farms exceeded the percentage of small farms in the AA. Their market share of 51% for small loans made to small farms substantially exceeded ACNB's overall market share of 40%. The distribution by size of loan shows that a substantial majority of the loan originations are for \$100,000 or less and substantially exceeded the percentage of small farms in the AA. This is an indication that the bank's farm lending is primarily to small farms.

During 2003, small loans to small farms (farms with revenues of \$1 million or less) represented 93% of all small loans to farms originated by ACNB compared to 93% of the farms within the non-MSA AA. The bank's lending to small farms was equal to the percentage of small farms in the AA. Their market share of 44% for small loans made to small farms substantially exceeded ACNB's overall market share of 30%. The distribution by size of loan shows that a substantial majority of the loan originations are for \$100,000 or less and substantially exceeded the percentage of small farms in the AA. This is an indication that farm lending is primarily to small farms.

During 2004-2005, small loans to small farms (farms with revenues of \$1 million or less) represented 93% of all small loans to farms originated by ACNB compared to 91% of the farms within the non-MSA. The bank's lending to small farms exceeded the percentage of small farms in the AA. Due to a reporting error, market share data was not available. The distribution by size of loan shows that a substantial majority of the loan originations are for \$100,000 or less and substantially exceeds the percentage of small farms in the AA. This is another indication that farm lending is primarily to small farms.

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.

ACNB originated two small business loans during the evaluation period that have community development purposes. These loans are included in ACNB's CRA small business loan data. Consequently, the bank has not extended any community development loans in excess of \$1 million during the evaluation period. Opportunities for community development loans are limited in the bank's AA and its performance is deemed adequate under the circumstances.

During fourth quarter 2004, ACNB extended a \$500 thousand term loan and a \$700 thousand term loan to an organization that provides mental health and substance abuse services to low-or-moderate income individuals. The organization, located in Adams County, also provides transitional housing for those same individuals. This organization addresses the needs of low-and-moderate income individuals by providing programs and counseling services that enhance their quality of life and promote social responsibility.

Product Innovation and Flexibility

Product flexibility had a positive impact on the Lending Test conclusion for the AA; however, based on internal tracking systems in place during the evaluation period, specific information on the full benefit of these programs to low-or-moderate income individuals could not be verified.

ACNB uses flexible loan programs to serve the mortgage credit needs of the low-or-moderate income individuals within the AA. Among these is a 97% residential mortgage program, which offers low down payments, waived loan fees and discount points and a home-buyer educational programs.

Another flexible product offered is the 103% Loan-to-Value Maximizer loan program, which offers no down payment requirements and the option to finance closing costs and prepaid fees into the loan term.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Harrisburg-Carlisle, PA MSA and the York-Hanover, PA MSA was stronger than the bank's overall performance. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions. This performance had a positive impact on the overall conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory". The level of investment activities in the limited scope review for York County had a significant and favorable impact on the overall investment test rating.

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

Non-MSA: Adams County

Based on a full scope review, the bank’s performance is good in the Adams County non-MSA. The limited availability of qualified investment opportunities in the Adams County non-MSA presents a challenge. Consequently, the bank’s community investments have been in the form of donations and grants to community groups and local economic development groups that provide services that meet the definition of community development.

The bank has an adequate volume of donations and grants in the non-MSA. During the evaluation period, the bank donated \$16 thousand in donations and grants to community and local economic development groups that support economic development, affordable housing and other services to low- or moderate-income individuals. Qualified investments from prior periods constituted the majority of investments in the AA as investment opportunities are limited in the area, based on a review of activities at other banks and confirmed by community contacts at this examination.

The following distribution of types and dollar amounts of qualified investments is for the current evaluation period in the AA.

Equity Investments (prior periods)	\$41,380
Community Grants and Donations (current evaluation period)	<u>\$16,400</u>
Total	\$57,780

The equity investment is for the purpose of a project that originated in 1993 for the development and rehabilitation of affordable housing units in the Gettysburg area.

The level of current evaluation period donations and grants are responsive to the needs of the community in the AA and are supportive of economic development and affordable housing needs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited scope review, the bank’s performance under the investment test in the York County AA is stronger than the bank’s overall performance.

The bank’s performance in the York-Hanover, PA MSA is excellent. During the evaluation period, the bank made a \$3.2 million investment in a limited partnership that built a 60-unit affordable housing complex in Dover, PA. The rental housing units are only available to low- or moderate-income individuals. The bank made another \$1.8 million investment in a limited partnership that restored and renovated four historic buildings into a 33-unit affordable housing complex in York, PA. These units are also only available to low- or moderate-income individuals.

During the evaluation period, the bank had the following qualified investments in the York-Hanover, PA MSA.

Equity Investments (prior periods)	\$1,913,134
Equity Investments (current evaluation period)	\$5,084,898

Donations and Grants (current evaluation period)		\$ <u>750</u>
	Total	\$6,998,782

The investment activity, including the prior period, in the York-Hanover, PA MSA is 10.13% of Tier One capital.

The bank’s investments in the Harrisburg-Carlisle, PA MSA were limited to donations and grants totaling \$1 thousand.

Based on a limited scope review of the Harrisburg-Carlisle, PA MSA, the bank’s investment performance is weaker than that of the bank’s overall investment rating. The bank made no investments and minimal donations and grants in the Harrisburg-Carlisle, PA MSA during the evaluation period.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank’s performance under the Service Test is rated “High Satisfactory”. Based on full-scope reviews, the bank’s performance in the non-MSA is good.

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.

Non-MSA: Adams County

The bank delivery systems are reasonably accessible to geographies and individuals of different income levels within the assessment area. The bank has 13 full service offices and 2 limited service drive-up locations, for a total of 15 offices within Adams County. There are 11 ATM machines located in branch offices within Adams County. No low- or moderate-income geographies are in the assessment area. The majority of offices, 80%, are located in middle-income tracts. All of the bank’s offices are accessible to all income level individuals as hours of operation generally include at least one day with evening hours, five offices with Saturday morning lobby hours and drive-up availability and five with Saturday drive-up availability only. One of the offices in northern Adams County has a staff member fluent in Spanish.

During the evaluation period the bank consolidated its Fairfield office with its Carroll Valley office, and opened its New Oxford and Commerce Center office in Adams County. The consolidation did not reduce accessibility to banking services to low- or moderate-income individuals. The two new offices enable ACNB to expand its presence towards the eastern part of the county.

Alternative Delivery Systems

The bank has two alternative delivery systems to serve the residents of the assessment area. The bank offers telephone banking and online internet banking service. These distribution channels provide customers accessibility for inquiries on products and services, enables customers to conduct deposit transfer between accounts, make loan payments facilitate openings deposit accounts, pre-qualify for mortgage loans, and apply for consumer and home equity loan products. We could not place significant

weight on the alternative delivery systems when drawing our CRA performance conclusion, as no data was available to assess the impact on low- or moderate-income individuals.

Community Development Services

ACNB provides a good level of community services in Adams County AA. Bank employees and officers utilize their bank related skills to assist assessment area community groups that support economic development for job creation, affordable housing, counseling services and job training for low- or moderate-income individuals. ACNB employees and officers have assisted the following groups and organizations that are supported of economic development, affordable housing and supportive of low- or moderate-income needs.

ACNB provides gratis loan payment processing for the local Habitat for Humanity Loan Portfolio. Habitat for Humanity is a nationwide non-profit organization that helps to create affordable housing for low- and moderate-income individuals.

The Chairman of the Board serves on the Board of Directors of the Adams County Economic Development Corporation. This organization facilitates financing and grant programs for small businesses, which serve to strengthen and grow the local industry while creating job opportunities for low- and moderate-income individuals.

A bank mortgage loan originator participates in an annual first time homebuyers seminar, designed to assist low- and moderate-income individuals.

Employees participate in programs to increase financial literacy for area children. This program is open to anyone, but acts as a vehicle to improve financial literacy among low- and moderate-income individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the York-Hanover, PA MSA and the Harrisburg-Carlisle, PA MSA is consistent with the bank's overall high satisfactory performance under the Service test. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

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”).

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/2002 to 09/30/2005) Investment and Service Tests and CD Loans: (10/15/2002 to 12/05/2005)	
Financial Institution	Products Reviewed	
Adams County National Bank Gettysburg, PA	Home Mortgages, Small Loans to Businesses and Farms and CD loans.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Non-MSA of Adams County, PA	Full-Scope	
York-Hanover, PA MSA	Limited Scope	
Harrisburg-Carlisle, PA MSA	Limited Scope	

Appendix B: Market Profile for Full-Scope Area

Non-MSA Adams County

Demographic Information for Full-Scope Area: Non-MSA Adams County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	0.00	0.00	47.83	52.17	0.00
Population by Geography	91,292	0.00	0.00	54.08	45.92	0.00
Owner-Occupied Housing by Geography	25,853	0.00	0.00	49.21	50.79	0.00
Businesses by Geography	5,596	0.00	0.00	55.56	44.44	0.00
Farms by Geography	469	0.00	0.00	49.25	50.75	0.00
Family Distribution by Income Level	24,837	11.87	15.33	24.19	48.60	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,757	0.00	0.00	58.55	41.45	0.00
Median Family Income = \$41,475			Median Housing Value = \$110,102			
HUD Adjusted Median Family Income for XXXX = \$48,350						
Households Below the Poverty Level = 7%						

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

ACNB's AA consists of Adams County in South Central Pennsylvania. There are 23 census tracts in the county, with eleven of them being middle-income tracts and the other 12 being upper-income tracts. The bank has 13 of its full service offices and two limited service drive-up locations, for a total of 15 offices within Adams County. There are 11 ATM machines located in branch offices within Adams County. ACNB is ranked first for its market share of deposits in Adams County and has 50.20% of the deposits, based on the June 30, 2005 FDIC Summary of Deposits Market share report.

Banking competition is strong for both loans and deposits in this AA. Competition exists from large regional banks, community banks and credit unions. Major banking competitors in Adams County include:

- PNC Bank, National Association which is ranked 2nd in deposit share (20.23%) with 7 offices;
- Bank of Hanover & Trust Company ranked 3rd in deposit share (13.44%) with 4 offices;
- Community Banks is ranked 4th in deposit share (11.18%) with 3 offices.

ACNB offers a traditional line of banking products for loans and deposits in this AA. The economy in the area is stable. Major employers in Adams County include: Knouse Foods Cooperative, Inc., Gettysburg College, The Gettysburg Hospital and Masterbrand Cabinets.

Appendix C: Tables of Performance Data

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.

Institution ID: ADAMS COUNTY NATIONAL BANK (1000000311) (Included)

Table 1. Lending Volume

LENDING VOLUME

Geography: ADAMS CO NB 2005 AA

Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2005

LENDING VOLUME		Geography: ADAMS CO NB 2005 AA						Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2005				
MA/Assessment Area (2005):	% 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)	
Full Review:												
Adams Co 2005 AA	78.26	825	103,474	462	59,409	81	3,701	2	1,200	1,370	167,784	82.81
Limited Review:												
Cumberland Co 2005 AA	6.69	89	10,594	25	2,667	3	235	0	0	117	13,496	7.29
York Co 2005 AA	15.05	188	26,532	75	11,929	0	0	0	0	263	38,461	9.90

* Loan Data as of September 30, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from October 15, 2002 to December 05, 2005.

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

Institution ID: ADAMS COUNTY NATIONAL BANK (1000000311) (Included)

Table 1. Other Products

LENDING VOLUME 30, 2005		Geography: ADAMS CO NB 2005 AA								Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER				
MA/Assessment Area (2005):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
Adams Co 2005 AA	81.60	173	13,109	173	13,109	0	0	0	0	0	0	0	0	82.81
Limited Review:														
Cumberland Co 2005 AA	5.66	12	892	12	892	0	0	0	0	0	0	0	0	7.29
York Co 2005 AA	12.74	27	2,309	27	2,309	0	0	0	0	0	0	0	0	9.90

* Loan Data as of September 30, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is from January 01, 2004 to September 30, 2005.

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

Institution ID: ADAMS COUNTY NATIONAL BANK (1000000311) (Included)

Table 1. Other Products

LENDING VOLUME 30, 2005		Geography: ADAMS CO NB 2005 AA		Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER	
MA/Assessment Area (2005):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Adams Co 2005 AA	0	0	0	0	0
Limited Review:					
Cumberland Co 2005 AA	0	0	0	0	0
York Co 2	0	0	0	0	0

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to September 30, 2005.

BANK (10000000311) (Included)

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 2005		Geography: ADAMS CO NB 2005 AA					Evaluation Period : JANUARY 1, 2004 TO SEPTEMBER 30,					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Adams Co 2005 AA	338	69.40	0.00	0.00	0.00	0.00	49.21	63.02	50.79	36.98	7.44	0.00	0.00	9.34	5.71	
Limited Review:																
Cumberland Co 2005 AA	40	8.21	0.00	0.00	5.99	15.00	86.54	82.50	7.46	2.50	2.02	0.00	2.88	2.12	0.66	
York Co 2005 AA	109	22.38	0.00	0.00	6.28	21.10	90.40	78.90	3.32	0.00	1.92	0.00	3.98	1.80	0.00	

* Based on 2005 Peer Mortgage Data (Eastern)

** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

BANK (10000000311) (Included)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA						Evaluation Period: JANUARY 1, 2004 TO						
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
Full Review:															
Adams Co 2005 AA	161	84.74	0.00	0.00	0.00	0.00	49.21	52.80	50.79	47.20	11.08	0.00	0.00	14.47	8.33
Limited Review:															
Cumberland Co 2005 AA	13	6.84	0.00	0.00	5.99	0.00	86.54	100.00	7.46	0.00	1.59	0.00	0.00	1.91	0.00
York Co 2005 AA	16	8.42	0.00	0.00	6.28	18.75	90.40	81.25	3.32	0.00	0.73	0.00	5.71	0.41	0.00

* Based on 2005 Peer Mortgage Data (Eastern)

** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

BANK (10000000311) (Included)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA								Evaluation Period: JANUARY 1, 2004 TO				
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
Full Review:															
Adams Co 2005 AA	323	77.46	0.00	0.00	0.00	0.00	49.21	52.63	50.79	47.37	5.49	0.00	0.00	6.33	4.73
Limited Review:															
Cumberland Co 2005 AA	36	8.63	0.00	0.00	5.99	5.56	86.54	94.44	7.46	0.00	1.41	0.00	1.33	1.55	0.00
York Co 2005 AA	58	13.91	0.00	0.00	6.28	17.24	90.40	81.03	3.32	1.72	1.45	0.00	4.30	1.25	1.30

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

BANK (10000000311) (Included)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA						Evaluation Period: JANUARY 1, 2004 TO						
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
Full Review:															
Adams Co 2005 AA	3	37.50	0.00	0.00	0.00	0.00	82.68	100.00	17.32	0.00	27.27	0.00	0.00	27.27	0.00
Limited Review:															
Cumberland Co 2005 AA	0	0.00	0.00	0.00	33.04	0.00	66.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
York Co 2005 AA	5	62.50	0.00	0.00	60.17	20.00	39.83	80.00	0.00	0.00	14.29	0.00	0.00	33.33	0.00

* Based on 2005 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

BANK (10000000311) (Included)

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES SEPTEMBER 30, 2005				Geography: ADAMS CO NB 2005 AA				Evaluation Period: JANUARY 1, 2004 TO							
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 Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Adams Co 2005 AA	462	82.21	0.00	0.00	0.00	0.00	55.56	57.79	44.44	42.21	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Cumberland Co 2005 AA	25	4.45	0.00	0.00	11.00	24.00	75.43	64.00	13.57	12.00	0.00	0.00	0.00	0.00	0.00
York Co 2005 AA	75	13.35	0.00	0.00	20.76	21.33	76.40	77.33	2.84	1.33	0.00	0.00	0.00	0.00	0.00

* Based on 2005 Peer Small Business Data -- US and PR

** 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).

BANK (10000000311) (Included)

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS 2004 TO SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA								Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 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
Full Review:															
Adams Co 2005 AA	81	96.43	0.00	0.00	0.00	0.00	49.25	53.09	50.75	46.91	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Cumberland Co 2005 AA	3	3.57	0.00	0.00	2.35	0.00	90.27	100.00	7.38	0.00	0.00	0.00	0.00	0.00	0.00
York Co 2005 AA	0	0.00	0.00	0.00	2.84	0.00	92.20	0.00	4.96	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2005 Peer Small Business Data -- US and PR

** 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).

BANK (10000000311) (Included)

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE SEPTEMBER 30, 2005		Geography: ADAMS CO NB 2005 AA								Evaluation Period: JANUARY 1, 2004 TO					
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 ¹	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Adams Co 2005 AA	338	69.40	11.87	1.53	15.33	9.20	24.19	26.99	48.60	62.27	8.36	3.33	9.59	7.72	8.55
Limited Review:															
Cumberland Co 2005 AA	40	8.21	15.35	5.26	19.04	34.21	26.67	28.95	38.94	31.58	2.25	1.20	2.31	2.10	2.50
York Co 2005 AA	109	22.38	14.52	13.21	18.59	17.92	28.99	26.42	37.91	42.45	2.27	3.70	2.06	2.31	2.07

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 3.5% 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.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

BANK (10000000311) (Included)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA								Evaluation Period: JANUARY 1, 2004 TO				
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 ²	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Adams Co 2005 AA	161	84.74	11.87	10.13	15.33	15.19	24.19	27.85	48.60	46.84	11.06	27.78	18.48	9.18	8.47
Limited Review:															
Cumberland Co 2005 AA	13	6.84	15.35	15.38	19.04	46.15	26.67	15.38	38.94	23.08	1.60	3.45	6.25	0.00	0.63
York Co 2005 AA	16	8.42	14.52	18.75	18.59	18.75	28.99	37.50	37.91	25.00	0.75	7.14	0.89	0.00	0.00

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 1.6% 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.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

BANK (10000000311) (Included)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA						Evaluation Period: JANUARY 1, 2004 TO						
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 ³	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Adams Co 2005 AA	323	77.46	11.87	7.44	15.33	16.18	24.19	26.54	48.60	49.84	6.24	10.84	6.15	6.12	6.07
Limited Review:															
Cumberland Co 2005 AA	36	8.63	15.35	17.65	19.04	20.59	26.67	38.24	38.94	23.53	1.63	4.04	1.38	1.75	1.19
York Co 2005 AA	58	13.91	14.52	12.28	18.59	15.79	28.99	24.56	37.91	47.37	1.70	2.15	1.74	1.18	2.03

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 4.1% of loans originated and purchased by bank.

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

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

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

BANK (10000000311) (Included)

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA				Evaluation Period: JANUARY 1, 2004 TO			
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	
Full Review:										
Adams Co 2005 AA	462	82.21	67.53	78.14	58.87	29.00	12.12	0.00	0.00	
Limited Review:										
Cumberland Co 2005 AA	25	4.45	59.85	88.00	72.00	20.00	8.00	0.00	0.00	
York Co 2005 AA	75	13.35	65.66	86.67	60.00	21.33	18.67	0.00	0.00	

* Based on 2005 Peer Small Business Data -- US and PR

** 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 1.60% of small loans to businesses originated and purchased by the bank.

BANK (10000000311) (Included)

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS SEPTEMBER 30, 2005			Geography: ADAMS CO NB 2005 AA				Evaluation Period: JANUARY 1, 2004 TO			
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 \$1,000,000	All	Rev\$ 1 Million or Less	
Full Review:										
Adams Co 2005 AA	81	96.43	90.83	92.59	87.65	8.64	3.70	0.00	0.00	
Limited Review:										
Cumberland Co 2005 AA	3	3.57	94.63	100.00	66.67	33.33	0.00	0.00	0.00	
York Co 2005 AA	0	0.00	92.55	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2005 Peer Small Business Data -- US and PR

** 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 2.38% of small loans to farms originated and purchased by the bank.

BANK (10000000311) (Included)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS SEPTEMBER 30, 2005		Geography: ADAMS CO NB 2005 AA				Evaluation Period: JANUARY 1, 2004 TO			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Adams Co 2005 AA	1	41	21	16	22	57	0.81	0	0
Limited Review:									
Cumberland Co 2005 AA	0	0	2	1	2	1	0.01	0	0
York Co 2005 AA	1	1,913	6	5,085	7	6,998	99.18	0	0

* 'Prior Period Investments' means investments made in a previous 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.

BANK (10000000311) (Included)

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2004 TO SEPTEMBER 30, 2005								Geography: ADAMS CO NB 2005 AA				Evaluation Period:					
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
Full Review:																	
Adams Co 2005 AA	82.81	14	70.00	0.00	0.00	78.57	21.43	0	0	0	0	0	0	0.00	0.00	54.08	45.92
Limited Review:																	
Cumberland Co 2005 AA	7.29	3	15.00	0.00	66.67	33.33	0.00	0	0	0	0	0	0	0.00	13.15	80.45	6.40
York Co 2005 AA	9.90	3	15.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	10.07	86.83	3.10

BANK (10000000311) (Included)

Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System SEPTEMBER 30, 2005				Geography: ADAMS CO NB 2005 AA				Evaluation Period: JANUARY 1, 2004 TO									
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Adams Co 2005 AA	82.81	14	70.00	0	0	79	21	0	0.00	0	0	0	0	0.00	0.00	54.08	45.92
Limited Review:																	
Cumberland Co 2005 AA	7.29	3	15.00	0	67	33	0	0	0.00	0	0	0	0	0.00	13.15	80.45	6.40
York Co 2005 AA	9.90	3	15.00	0	0	100	0	0	0.00	0	0	0	0	0.00	10.07	86.83	3.10