



LARGE BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

The First National Bank of Slippery Rock
Charter Number: 6483

100 South Main St
Slippery Rock, PA 16057

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 **The First National Bank of Slippery Rock** with respect to the Lending, Investment, and Service Tests:

| Performance Levels | FNB Slippery Rock Performance Tests | | |
|---------------------------|--|-----------------|--------------|
| | Lending Test* | Investment Test | Service Test |
| Outstanding | | | |
| High Satisfactory | | | |
| Low Satisfactory | X | X | 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:

- An adequate level of lending within the assessment areas.
- An adequate distribution of mortgage loans by income level of geography.
- An adequate distribution of small loans to businesses by income level of geography.
- A good distribution of mortgage loans among AA borrowers of different income levels.
- An excellent distribution of small loans to businesses of different sizes.
- Community development (CD) lending which is responsive to community credit needs.
- An adequate level of community development (CD) investments.
- Service and delivery systems that are reasonably accessible to assessment area geographies and individuals.
- Community development (CD) services that are responsive to community credit needs.

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.

Block Numbering Area (BNA): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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 household 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 or a block numbering area 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 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).

Home Mortgage Loans: such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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 (MSA): Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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

First National Bank of Slippery Rock ("FNB") is a \$335 million community bank headquartered in Slippery Rock, Pennsylvania. FNB is a subsidiary of Slippery Rock Financial Corporation, a one-bank holding company also located in Slippery Rock, Pennsylvania. FNB is an intrastate bank with 9 branch offices, which operate in Butler, Lawrence, and Mercer Counties in Western Pennsylvania. There has been no merger activity since the previous examination. There are no affiliates for which the bank wants consideration of affiliate activities to be included in its performance evaluation. As of December 31, 2003, net loans represented 62 percent of total assets. The loan portfolio consisted of home mortgage loans (47%), commercial loans (30%), consumer loans (16%) and other types of loans (7%.) Tier 1 capital totaled \$30 million. FNB's business focus is primarily home mortgage lending. There are no financial or legal impediments that would hinder the bank's ability to meet the credit needs of its assessment area.

FNB was rated "Satisfactory" at its last CRA examination dated May 10, 1999.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of Community Development (“CD”) loans, was January 1, 2000 through December 31, 2002. The lending evaluation data reflects the time period under which CRA regulations stipulated FNB as a large bank and data collection requirements were in effect. For the prior examination we reviewed loan data through quarter ending December 31, 1998. The evaluation period for CD loans, the Investment and Service Tests was May 10, 1999 to May 10, 2004. Loan originations for the following product types were evaluated for the Lending Test: home purchase loans, home improvement loans, home mortgage refinance loans, small loans to businesses and CD loans. The bank is not a farm lender. An analysis of farm lending was not conducted since it would not have been meaningful.

Data Integrity

An evaluation of FNB’s publicly filed information on home mortgage loans, small loans to businesses, CD loans, investments and services was performed in November 2003. The review included an evaluation of the bank’s processes to ensure that data is reliable. During 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 Community Reinvestment Act was accurate. We compared information in publicly filed data to information in the bank’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 was accurate and reliable. A sample of community development loans, investments and services were reviewed to determine that they qualified under the regulatory criteria for community development.

Selection of Areas for Full-Scope Review

FNB has three assessment areas (AAs). The AAs include selected contiguous census tracts in two metropolitan statistical areas (MSAs) and selected contiguous census tracts in one non-MSA. The primary AA includes census tracts within Butler County in the Pittsburgh MSA (6280) and a census tract in Venango County a non-MSA. The other two AAs include census tracts in Mercer County within the Sharon MSA (7610) and within Lawrence County, which is not within an MSA. The AAs do not arbitrarily exclude low-and moderate-income geographies.

Butler County AA

The Butler County AA is comprised of a total of 24 contiguous census tracts. Of the 24 Butler County AA census tracts, 23 tracts are located in Butler County and a single adjacent census tract is located in Venango County. The 23 Butler County census tracts are located in the northwest portion of Butler County. The single Venango County census tract is located in the extreme southwest corner of Venango County adjacent to Butler County. We determined that the single Venango County census tract does not extend substantially beyond MSA 6280. The

bank does not operate any branch offices in Venango County. The single Venango County census tract is middle-income. Of the 23 Butler AA census tracts, 3 are moderate-income, 15 are middle-income and 5 are upper-income. The Butler County AA contains no low-income census tracts. The moderate-income Butler County AA census tracts are located in the City of Butler in Butler County. The bank operates six branch offices within its Butler County AA. A limited service supermarket branch was opened in a middle-income census tract during the evaluation period.

FNB's presence in the Butler County AA is centered in Slippery Rock on the northwest border of Butler County, where its headquarters and a majority of AA branch offices are located. FNB's ability to originate loans in census tracts in and around the City of Butler is hampered by its geographic distance from the population center and strong competition from large established area and regional banks headquartered in Pittsburgh and Cleveland. Strong AA competition emanates from southeast of the Lawrence County AA and the southeast portion of the Butler County AA where the City of Butler is situated. Southern Butler County functions as a bedroom community of Pittsburgh. The City of Butler is the largest city and county seat of Butler County. The City of Butler has historically served as headquarters and houses branch offices of an established community bank, which in conjunction with large regional area banks dominates the southeast portion of the AA.

Lawrence County AA

The Lawrence County AA is comprised of seven census tracts in Lawrence County. Lawrence County is not located within an MSA. The seven census tracts are located in the northeast portion of Lawrence County adjacent to Butler County to the east and Mercer County to the north. Of the seven Lawrence County AA census tracts, five are middle-income and two are upper-income. The Lawrence County AA contains no low-income or moderate-income census tracts. The bank operates two branch offices within its Lawrence County AA. Both branches were opened during the first half of the evaluation period.

Mercer County AA

The Mercer County AA is comprised of five census tracts in Mercer County. Mercer County is located in the Sharon MSA. The five census tracts are located in the southeast portion of Lawrence County adjacent to Butler County to the southeast and Lawrence County to the southwest. Of the five Mercer County AA census tracts all are middle-income. The Mercer County AA contains no low-income, moderate or upper-income census tracts. The bank operates one branch office within its Mercer County AA.

Ratings

The bank's overall rating is based primarily on a full-scope review of the Butler County AA. Equal weight was placed on home mortgage and small business loans in arriving at the Lending Test rating. Limited scope reviews were performed for the Lawrence County and Mercer County AAs.

Other

We contacted the Housing Authority for Butler County. The Housing Authority is the primary community development organization operating in FNB's primary AA. This contact was made to assist us in identifying AA credit needs and community development opportunities. Contact was in the form of a meeting, which was held in the Butler Office of the Housing Authority. Area credit needs include low-cost mortgage products and small business loans.

We also contacted the Butler County Community Development Corporation and the Lawrence County Economic Development Corporation. These contacts were also made to assist us in identifying AA credit needs and community development opportunities. Contact was made with these organizations by telephone. Both community development organizations cited a general credit need for small business lending, particularly a need for low-cost loans. Both organizations function as an intermediary for low-income, state sponsored loan programs and are involved with revolving loan funds for small business loans. FNB is represented on the finance committees of both organizations.

Opportunities to participate in community development activities are limited. Information obtained through community contacts and internal resources revealed a very limited number of organizations involved in CD projects or activities.

Fair Lending 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 bank's performance under the lending test is rated "low satisfactory". Based on full-scope reviews, the bank's performance in the Butler AA is adequate.

Lending Activity

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

FNB's record of originating loans in its Butler County AA is adequate. Lending market share was compared to deposit market share within the AA. FNB's deposit market share within the AA is 11.63 percent ranking it 3rd in market share among institutions taking AA deposits. The institutions that have garnered greater than 5 percent of the AA's deposit market are each larger than FNB and include large regional Pittsburgh and Cleveland-based banks.

FNB's home purchase mortgage market share was 7.19 percent ranking it 1st among lenders originating home purchase mortgages in the AA's. FNB's home improvement loan market share was 14.64 percent ranking it 1st among lenders originating home improvement loans in the AA's. And FNB's home refinance loan market share was 4.18 percent, ranking it 4th among lenders originating home refinance loans in the AA's. All market share percentages and rankings are as of December 31, 2002. The bank experiences strong competition for home mortgage loans from many larger financial service providers. Large home mortgage lenders dominate the AA's market for home mortgage loans. Several major home mortgage lenders have garnered significant AA market share. Many of the home mortgage lenders use mortgage brokers. FNB does not use mortgage brokers. Additional competition exists from large, regional Pittsburgh and Cleveland -based banks as well as an established community bank headquartered in Butler County, which is larger than FNB and has a significant presence in the City of Butler.

FNB's small business lending market share was 2.56 percent ranking it 11th among lenders originating small business loans in the AA's. The market share percentage and rank are as of December 31, 2002. The bank experiences strong competition for small business loans from many larger financial service providers. Credit card banks dominate the AA's market for small loans to businesses. Several of the major credit card banks have garnered significant AA market share and are ranked ahead of FNB. Additional competition exists from large, regional Pittsburgh and Cleveland -based banks as well as a larger, established community bank headquartered in the City of Butler.

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.

FNB's geographic distribution of HMDA loans is adequate considering AA demographics. Home purchase lending and home mortgage refinance loans to borrowers in moderate-income geographies are below the percentage of owner occupied housing. Home improvement lending to moderate-income borrowers is well below the percentage of owner occupied housing in moderate-income tracts. The market share of home purchase, improvement and refinancing loans originated by the bank over the evaluation period is also below the overall market share for all types of HMDA loans.

FNB's ability to originate HMDA loans in moderate-income geographies is impacted by the location of the moderate-income geographies in relation to the bank's branching network and the level of competition existing in those locations. FNB's presence is concentrated in the City of Slippery Rock, which houses its headquarters and the majority of its AA branch offices. The FNB branch closest to the City of Butler is located approximately seven miles outside of that city. All but one of the Butler County AA branch offices are situated in census tracts immediately adjacent to the border of either Mercer or Lawrence County. All three of the Butler County AA moderate-income geographies are clustered in the City of Butler, in the southeast portion of the Butler County AA. Additionally, the City of Butler is heavily banked and houses the headquarters and two branch offices of a community bank larger than FNB. Also situated in the City of Butler are branch offices of large regional Pittsburgh and Ohio-based banks.

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.

FNB's geographic distribution of loans to small businesses is adequate considering AA demographics. FNB's small business lending is well below the percentage of businesses located in the AA's in moderate-income census tracts. The market share of small loans to businesses originated by the bank over the evaluation period is also below the overall market share for small loans to businesses. FNB's ability to originate small business loans in AA moderate-income geographies is impacted by the locations of the moderate-income geographies in relation to the branch network and the level of competition existing in those locations. FNB's branch offices are concentrated in the City of Slippery Rock and the northwest portion of the Butler County AA. FNB operates one branch office approximately seven miles from the City of Butler. The City of Butler is situated in the southeast portion of the Butler County AA and contains all three of the AA's moderate-income geographies. Additionally, the City of Butler is heavily banked, housing the headquarters and branch offices of a larger community bank as well as branch offices of large regional Pittsburgh and Ohio-based banks.

Lending Gap Analysis

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

Inside/Outside Ratio

Of home mortgage and small business loans originated by FNB over the evaluation period, a majority of the loans were originated within FNB's AAs. The analysis of FNB's record of originating loans within its AA was conducted at the bank level. The analysis included all reportable loans originated by FNB over the evaluation period. Of loans originated by FNB over the evaluation period and included for review, 62 percent were originated within the AAs. Of home mortgage loans originated by FNB over the evaluation period, 60 percent were originated within the AAs. By type of home mortgage loans originated by FNB over the evaluation period, 55, 68 and 61 percent of home purchase, home improvement, and home refinance loans, respectively, were originated within the AAs. Of small business loans originated by FNB over the evaluation period, 82 percent were originated within the AAs.

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.

Overall, FNB's distribution of home mortgage loans by the income level of the borrower is good given AA demographics and cost of AA housing relative to AA income levels. Refer to the Market Profile section for further details.

FNB's distribution of home purchase loan originations among AA borrowers of different income levels is good when considering that strong AA competition for these loans limit opportunities for originating home purchase loans to these borrowers. The percentage of home purchase loans originated to low-income Butler County AA borrowers is below the percentage of low-income AA families. However, FNB's market share of home purchase loan originations to low-income AA borrowers significantly exceeds its overall market share of home purchase loan originations. FNB's percentage of home purchase loans originated to moderate-income AA borrowers significantly exceeds the percentage of moderate-income AA families. FNB's market share of home purchase loan originations to moderate-income borrowers is near to its overall market share.

FNB's distribution of home improvement loan originations among AA borrowers of different income levels is good when considering that strong AA competition for these loans limit opportunities for originating home improvement loans to these borrowers. The percentage of home improvement loans originated to low-income AA borrowers exceeds the percentage of low-income AA families. FNB's market share of home improvement loan originations to low-income AA borrowers significantly exceeds its overall market share of home improvement loan originations. The percentage of home improvement loans to moderate-income AA borrowers also exceeds the percentage of moderate-income AA families. FNB's market share of home

improvement loan originations to moderate-income AA borrowers is near to its overall market share of home improvement loan originations.

FNB's distribution of home mortgage refinance loans among AA borrowers of different income levels is adequate when considering AA demographics. AA competition for these loans is strong and impacts opportunities for originating refinance mortgage loans to these borrowers. The percentage of home mortgage refinance loans originated to low-income AA borrowers is well below the percentage of low-income AA families. FNB's market share of home mortgage refinance loan originations to low-income AA borrowers is near to its overall market share of home mortgage refinance originations. The percentage of home mortgage refinance loans to moderate-income borrowers is near the percentage of moderate-income AA families. FNB's market share of home mortgage refinance loan originations to moderate-income AA borrowers is below its overall market share of home mortgage refinance originations.

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.

FNB's distribution of small loans among AA businesses of different sizes is excellent when considering the strong area competition for originating small loans to small businesses. Credit card banks dominate the bank's assessment area. These banks originate small dollar loans to businesses. Some of the major credit card banks are ranked ahead of FNB in business lending market share. Additionally, several large Pittsburgh and Ohio-based banks compete to originate small loans to businesses.

Of FNB's business loan originations, the percentage of originations of small loans to small AA businesses (businesses with revenues of \$1 million or less) significantly exceeds the percentage of AA small businesses. FNB's market share of loans originated to small businesses significantly exceeds its overall AA market share of business loan originations. FNB's commitment to small dollar lending is strong and meets an identified credit need. The percentage of FNB's business loans which are originated for \$100 thousand or less is significantly larger than the percentages of FNB's business loans which are originated for more than \$100 thousand.

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.

CD lending has a positive effect on the Lending Test rating. The bank originated community development loans totaling \$3.5 million.

FNB originated two community development loans to the Community Development Corporation (CDC) of Butler County totaling \$3.4 million. The CDC is the economic development agency for Butler County. The proceeds of the loan were used to purchase and remodel commercial property located in a former railroad site. The property is being developed to bring in small businesses and organizations that provide social services. The loans to the CDC are regarded as a good level of responsiveness to the credit needs associated with economic development of the AA.

FNB also originated three loans in the Lawrence County AA totaling \$67,194 to an organization that provides social services for at-risk youth in Lawrence County and the surrounding areas. A majority of the clients are from low-income households.

Product Innovation and Flexibility

Product innovation and flexibility has a neutral impact on the Lending Test. FNB offers three mortgage loan programs with flexible lending criteria. However, FNB has not originated any loans to date under any of the programs. Those programs are as follows:

FNB offers the “Freddie Mac Affordable Gold 5” mortgage product. This mortgage product offers a fixed rate mortgage product, which allows a low down payment (5%) from borrower funds. The mortgage product allows for a variety of sources to fund closing, financing costs and prepaid costs.

FNB offers the “Freddie Mac Alt 97” mortgage product. This mortgage product offers a fully amortizing purchase mortgage, which requires no minimum down payment from borrower funds and allows for a loan-to-value (LTV) ratio between 90 and 97 percent.

FNB offers a “Family Home Ownership Program” mortgage product. The mortgage product is offered through an in-house program, which targets borrowers that qualify under the low- to moderate-income limits established by the Department of Housing and Urban Development. The program requires a 3 percent down payment. The Federal Home Loan Bank of Pittsburgh offers grants to assist first-time homebuyers with down payment and closing costs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the lending test in the Sharon MSA and the Lawrence County non-MSA is not inconsistent with the bank’s overall “low satisfactory” lending test rating. Refer to Tables 1 through 15 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 "low-satisfactory." Based on full-scope reviews, the bank's performance in the Butler AA is adequate.

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

FNB's level of qualified investments for the Butler County AA is considered to be adequate. During the evaluation period, FNB made a \$500,000 investment in a CRA qualified, loan fund operated by a community development financial institution (CDFI). The purpose of the loan fund is to originate small business loans in low-and moderate-income geographies located in Western Pennsylvania that include FNB's AAs. The Butler AA allocation of the \$500,000 investment equals \$390,000 and is based on the percentage of the AA's bank deposit share.

FNB also made eight qualifying contributions to CD organizations totaling \$199,000 over the evaluation period. One of these organizations includes a \$130,000 donation to the Slippery Rock Development Corporation (SRDC). The SRDC is a nonprofit organization whose purpose is to stimulate economic development and job creation in downtown Slippery Rock. The area the SRDC serves is considered blighted by the State of Pennsylvania.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Sharon MSA and the Lawrence County non-MSA is not inconsistent with the bank's overall "low satisfactory" investment test rating. Refer to Tables 1 through 15 in appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test is rated "low satisfactory." Based on full-scope reviews, the bank's performance in the Butler AA is adequate.

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.

FNB's service delivery systems are reasonably accessible to AA geographies and individuals of different income levels. The bank operates nine full service branches. Of the bank's nine full service branches, six are located in the Butler County AA. The Butler County AA contains three moderate-income geographies and no low-income geographies. Of the Butler County AA population, 12.18% resides within the moderate-income geographies. The percentage of FNB's branches and ATMs located in Butler County AA's moderate-income geographies is below the percentage of the AA population that resides in moderate-income geographies. The bank did not open or close any branch offices in moderate-income geographies in the Butler County AA over the evaluation period. FNB operates a branch office within seven miles of the City of Butler where the AA's moderate-income census tracts are clustered.

The range of services and hours of operation offered by FNB throughout its AA are good. The availability of FNB's services and hours are comparable among AA branch offices regardless of locations. Operating hours and services provided by FNB between Monday and Thursday are supplemented by Friday evening and Saturday morning hours at each location with the exception of the main branch office in the downtown Slippery Rock headquarters building. The operating hours for this branch is tailored to the downtown area within which it operates. Downtown area, retail business activities do not warrant the operation of this branch on Saturday or beyond 4:30 p.m. on weekdays. Additionally, two other FNB branches are situated in Slippery Rock Borough and are readily accessible to the downtown headquarters branch.

Community Development Services

Over the evaluation period, FNB provided a relatively high level of community development services, which address Butler AA credit needs. Community development services provided by FNB are as follows:

The president of FNB has served as chairman of the Slippery Rock Development, Inc. The local development organization focuses its efforts on revitalizing the borough of Slippery Rock. Recent projects have included raising capital to revitalize the downtown business district. The Slippery Rock Borough Council, in accordance with Pennsylvania public law, has classified the downtown business district as a Redevelopment Area. The redevelopment area is eligible for Community Development Block Grant funding.

An FNB vice president has served on the finance committee of the CDC of Butler County. The CDC is the economic development agency for Butler County.

An FNB branch manager has served as treasurer for the Salvation Army. The Salvation Army provides numerous social services for low-and moderate-income individuals.

Several FNB employees have been actively involved in coordinating fund raising for the United Way. The United Way is a non-profit, philanthropic organization that partners with numerous

groups including the CDC of Butler County, to provide financial support for services targeting low-and moderate-income individuals.

FNB has participated in The Home Buyer Equity Fund sponsored by the Federal Home Loan Bank (FHLB) of Pittsburgh. The program offers financial assistance with down payment and closing costs to first time homebuyers at or below 80% of the area median income. Qualified homebuyers must secure sponsorship from approved FHLB or Pittsburgh member financial institutions. The member financial institution must have established a first-time homebuyers program.

FNB has served as a sponsor for Hosanna Industries, Inc., a faith-based social service agency, in securing a grant from the FHLB Affordable Housing Program (AHP). Included in Hosanna Industries' activities is the development of affordable housing. The AHP is a program sponsored by the Federal Home Loan Bank that provides funding to assist in the development of affordable housing. FNB provides technical assistance in the formation of the grant proposal.

An FNB commercial lender has served on the board of directors of the Butler County Farmland Preservation Fund (Fund). The purpose of the Fund is to compensate landowners for the development value of their land while permanently protecting the land for agriculture. The Fund is under the oversight of the state Farmland Preservation Program. Counties participating in this program have appointed agricultural land preservation boards. The commercial lender has provided financial advice regarding the development of the Fund's by-laws and procedures.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the service test in the Sharon MSA and the Lawrence County non-MSA is not inconsistent with the bank's overall "low satisfactory" service test rating. Refer to Tables 1 through 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): (1/1/00 to 12/31/02) Investment and Service Tests and CD Loans: (5/10/99 to 5/10/04) | |
| Financial Institution | Products Reviewed | |
| First National Bank of Slippery Rock (FNB) Slippery Rock, PA | Home mortgage loans, small loans to businesses and community development loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None | | |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Butler County AA Pittsburgh MSA #6280 | Full Scope | Butler County – 23 CTs Venango County – 1 CT |
| Lawrence County AA Non-MSA | Limited Scope | Lawrence County – 7 CTs |
| Mercer County AA Sharon MSA #7610 | Limited Scope | Mercer County - 5 CTs |

Appendix B: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

Pittsburgh PA MSA 6280

| Demographic Information for Full-Scope Area: Butler AA | | | | | | |
|--|--------------------------------------|---|-----------------|---------------|--------------|-----------------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 24 | 0 | 12.50 | 66.67 | 20.83 | 0.00 |
| Population by Geography | 87,380 | 0.00 | 12.18 | 70.75 | 17.07 | 0.00 |
| Owner-Occupied Housing by Geography | 23,647 | 0.00 | 8.67 | 74.59 | 16.74 | 0.00 |
| Businesses by Geography | 6,215 | 0.00 | 20.60 | 65.29 | 14.11 | 0.00 |
| Farms by Geography | 214 | 0.00 | 3.32 | 90.87 | 5.81 | 0.00 |
| Family Distribution by Income Level | 23,147 | 18.91 | 19.00 | 24.66 | 37.45 | 0.00 |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 8,774 | 0.00 | 18.21 | 72.04 | 9.74 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level | = \$31,138 = \$48,575 = 12.77% | Median Housing Value Unemployment Rate | | | | = \$52,729 = 3.21% |

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

FNB has three assessment areas (AAs). The AAs include selected contiguous census tracts in two metropolitan statistical areas (MSAs) and selected contiguous census tracts in one non-MSA. The primary AA (Butler County) includes census tracts within Butler County in the Pittsburgh MSA (6280) and a census tract in Venango County a non-MSA. The other two AAs include census tracts in Mercer County within the Sharon MSA (7610) and within Lawrence County, which is not within an MSA. The AAs do not arbitrarily exclude low-and moderate-income geographies.

FNB's primary AA includes 24 geographies. Of the 24 geographies, 23 are located in Butler County, which is within the Pittsburgh MSA 6280 and a single adjacent geography is located in Venango County. Venango County is not located within an MSA. The Butler County geographies are situated in northwestern Butler County. The Venango County geography is adjacent to Butler County and does not extend substantially beyond Pittsburgh MSA boundaries. Low- and moderate-income geographies are not arbitrarily excluded from the AA. AA geographies are contiguous and consistent with CRA regulatory requirements. None of the AA geographies are classified as low-income. Three of the AA geographies are classified as moderate-income. All three AA moderate-income geographies are located in Butler County in the City of Butler. Of the AA population, 12.18 percent resides in moderate-income geographies. And of AA owner-occupied housing, 8.67 percent is located in moderate-income geographies.

AA housing costs adversely impact home ownership affordability, particularly for low-income individuals. The AA's median housing value is \$52,729. The AA's updated median family income is \$48,575. A low-income AA resident earns less than \$24,288.

AA banking competition is strong. Competition emanates from multi-billion dollar banks headquartered in nearby Pittsburgh. Contributing to area competition are a large number of financial institutions, credit card and mortgage lenders.

FNB's AA deposit market share is 11.63 percent ranking it 3rd among its peers for its share of AA deposits. As of the 1990 census, the population of the 24 AA geographies consists of 87,380 persons. During the 1990's, Butler County was the only southwestern Pennsylvania County to experience population growth. Contributing to Butler County's population growth is the area's proximity to Pittsburgh, favorable tax base, and the availability of land for development. Butler County remains predominantly rural in nature. The county's urban center is the City of Butler. Of the AA's 24 geographies, the three, which are classified as moderate-income, are clustered in the City of Butler. The AA does not encompass the geographies in southern Butler County, which are considered to be suburban areas of Pittsburgh.

AA economic conditions continue to improve. Despite a decline in the number of AA individuals employed by the manufacturing industry, it continues to be the single largest source of area jobs. The decrease in AA manufacturing jobs is countered by an increase in jobs available in wholesale and retail trade, health and financial services as well as other employment sectors. For the AA the percentage of AA households below poverty level and the unemployment rate equal 12.77 percent and 3.21 percent, respectively. The AA's largest employers are AK Steel Corporation, Butler Healthcare Providers, Butler Area School District as well as County and National Government.

We contacted the Community Development Corporation (CDC) of Butler County and the Housing Authority for Butler County. The organizations identified community credit needs to be capital for new businesses and funding to leverage government-sponsored financing programs. FNB participates with both of the AA's primary nonprofit community organizations. Information obtained through our community contacts and internal resources revealed a limited number of organizations involved in CD projects and/or activities. Opportunities to participate in community development loans, investments and services are limited. Community development needs primarily involve the financing of projects providing area jobs.

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: 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. Tables without data are not included in this Performance Evaluation.

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, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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 with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

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.

Table 1. Lending Volume

| LENDING VOLUME | | | | | | | | | | | | Geography: First National Bank of Slippery Rock | | Evaluation Period: January 1, 2000 TO December 31, 2002 | |
|------------------------|------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|-----------|---|--|---|--|
| 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) | | | | |
| Full Review: | | | | | | | | | | | | | | | |
| Butler County AA | 71.47 | 1,019 | 58,154 | 132 | 8,683 | 10 | 225 | 2 | 3,400 | 1,165 | 70,592 | 78.37 | | | |
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| Limited Review: | | | | | | | | | | | | | | | |
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| Lawrence County AA | 6.20 | 50 | 3,067 | 42 | 2,884 | 6 | 418 | 3 | 67 | 101 | 6,436 | 6.94 | | | |
| Mercer County AA | 22.33 | 322 | 23,135 | 41 | 2,542 | 1 | 50 | 0 | 0 | 364 | 25,727 | 14.69 | | | |
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* Loan Data as of 1/100. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is 5/10/99 to 5/10/04 .
 *** Deposit Data as of 12/31/03. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

| Geographic Distribution: HOME PURCHASE | | Geography: First National Bank of Slippy Rock | | | | | | | | | | Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | |
|--|---------------------------|---|------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--------------------------|-------------|-------------------------------|---|------|-------|------|--|
| 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*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | Over all | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | |
| Butler County AA | 281 | 68.04 | 0.00 | 0.00 | 8.67 | 2.85 | 74.59 | 89.68 | 16.74 | 7.47 | 6.19 | 0.00 | 1.12 | 8.30 | 2.30 | |
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| Limited Review: | | | | | | | | | | | | | | | | |
| Lawrence County AA | 7 | 1.69 | 0.00 | 0.00 | 0.00 | 0.00 | 73.59 | 100.00 | 26.41 | 0.00 | 2.15 | 0.00 | 0.00 | 4.07 | 0.00 | |
| Mercer County AA | 125 | 30.27 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 14.19 | 0.00 | 0.00 | 14.19 | 0.00 | |
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* Based on 2002 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 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

| Geographic Distribution: HOME IMPROVEMENT | | | | | | | | | | | | Geography: First National Bank of Slippery Rock | | | | | Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | |
|---|------------------------------|--------------|------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--------------------------|-------------|-------------------------------|---|------|-------|------|--|---|--|--|--|--|
| 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*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | Over all | Low | Mod | Mid | Upp | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | |
| Butler County AA | 382 | 78.76 | 0.00 | 0.00 | 8.67 | 0.79 | 74.59 | 93.19 | 16.74 | 6.02 | 20.04 | 0.00 | 5.56 | 22.90 | 4.76 | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | | | | | | | |
| Lawrence County AA | 12 | 2.47 | 0.00 | 0.00 | 0.00 | 0.00 | 73.59 | 75.00 | 26.41 | 25.00 | 12.50 | 0.00 | 0.00 | 14.06 | 9.38 | | | | | | |
| Mercer County AA | 91 | 18.76 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 33.67 | 0.00 | 0.00 | 33.67 | 0.00 | | | | | | |
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* Based on 2002 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 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

| Geographic Distribution: HOME MORTGAGE REFINANCE | | | | | | | | | | | | Geography: First National Bank of Slippery Rock | | | | | Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | |
|--|-------------------------------------|--------------|------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--------------------------|-------------|-------------------------------|---|------|------|------|--|---|--|--|--|--|
| 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*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | % Owner Occ Units*** | % FNB Loans | Over all | Low | Mod | Mid | Upp | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | |
| Butler County AA | 346 | 72.08 | 0.00 | 0.00 | 8.67 | 1.45 | 74.59 | 90.46 | 16.74 | 8.09 | 6.32 | 0.00 | 2.29 | 7.38 | 3.50 | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | | | | | | | |
| Lawrence County AA | 31 | 6.46 | 0.00 | 0.00 | 0.00 | 0.00 | 73.59 | 96.77 | 26.41 | 3.23 | 4.35 | 0.00 | 0.00 | 6.85 | 0.36 | | | | | | |
| Mercer County AA | 103 | 21.46 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 9.92 | 0.00 | 0.00 | 9.92 | 0.00 | | | | | | |
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* Based on 2002 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 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

| Geographic Distribution: MULTIFAMILY | | | | | | | | | | | | | | | Geography: First National Bank of Slippery Rock | | | | | | | | | | | | | | | Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | | | | | | | | | | | |
|--------------------------------------|-------------------------|--------------|------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--------------------------|-------------|-------------------------------|-------------|----------|------|---|------|------|--|--|--|--|--|--|--|--|--|--|--|--|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 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*** | % FNB Loans | % MF Units*** | % FNB Loans | % MF Units*** | % FNB Loans | % MF Units*** | % FNB Loans | % MF Units*** | % FNB Loans | Over all | Low | Mod | Mid | Upp | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Butler County AA | 10 | 76.92 | 0.00 | 0.00 | 31.53 | 10.00 | 59.40 | 70.00 | 9.07 | 20.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lawrence County AA | 0 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 71.20 | 0.00 | 28.80 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mercer County AA | 3 | 23.08 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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* Based on 2002 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 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | | | | | | | | | | | Geography: First National Bank of Slippery Rock | | | | | Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | |
|--|----------------------------|--------------|------------------------|-------------|-----------------------------|-------------|---------------------------|-------------|--------------------------|-------------|-------------------------------|---|------|------|------|--|---|--|--|--|--|
| 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*** | % FNB Loans | % of Businesses*** | % FNB Loans | % of Businesses*** | % FNB Loans | % of Businesses*** | % FNB Loans | Overall | Low | Mod | Mid | Upp | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | |
| Butler County AA | 132 | 61.40 | 0.00 | 0.00 | 20.60 | 0.76 | 65.29 | 94.70 | 14.11 | 4.55 | 2.47 | 0.00 | 0.22 | 3.55 | 0.52 | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | | | | | | | |
| Lawrence County AA | 42 | 19.53 | 0.00 | 0.00 | 0.00 | 0.00 | 43.67 | 88.10 | 56.33 | 11.90 | 3.13 | 6.25 | 0.86 | 5.16 | 1.67 | | | | | | |
| Mercer County AA | 41 | 19.07 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00 | 100.00 | 0.00 | 0.00 | 1.88 | 0.00 | 0.00 | 2.55 | 0.00 | | | | | | |
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* Based on 2002 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 2002.

Table 8. Borrower Distribution of Home Purchase Loans

| Borrower Distribution: HOME PURCHASE | | Geography: First National Bank of Slippery Rock Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | | | | | | | | | | |
|--------------------------------------|---------------------------|--|----------------------|-----------------|---------------------------|-----------------|-------------------------|-----------------|------------------------|-----------------|--------------|-------|-------|------|-------|
| MA/Assessment Area: | Total Home Purchase Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | |
| | # | % of Total** | % Families*** | % FNB Loans**** | % Families** | % FNB Loans**** | % Families* | % FNB Loans**** | % Families* | % FNB Loans**** | Overa II | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | |
| Butler County AA | 281 | 68.04 | 18.91 | 12.50 | 19.00 | 27.21 | 24.65 | 29.41 | 37.45 | 30.88 | 7.18 | 13.58 | 7.59 | 7.87 | 5.47 |
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| Limited Review: | | | | | | | | | | | | | | | |
| Lawrence County AA | 7 | 1.69 | 13.32 | 0.00 | 18.99 | 0.00 | 22.33 | 33.33 | 45.36 | 66.67 | 2.29 | 0.00 | 0.00 | 2.56 | 2.78 |
| Mercer County AA | 125 | 30.27 | 15.03 | 2.50 | 18.43 | 14.17 | 26.50 | 24.17 | 40.03 | 59.17 | 15.81 | 0.00 | 15.69 | 9.68 | 19.55 |
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* Based on 2002 Peer Mortgage Data: Eastern Region.

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

*** Percentage of Families is based on the 1990 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.

Table 9. Borrower Distribution of Home Improvement Loans

| Borrower Distribution: HOME IMPROVEMENT | | | | | | | | | | | | Geography: First National Bank of Slippery Rock | | | | | Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | |
|---|------------------------------|--------------|----------------------|-----------------|---------------------------|-----------------|-------------------------|-----------------|------------------------|-----------------|--------------|---|-------|-------|-------|--|---|--|--|--|--|
| MA/Assessment Area: | Total Home Improvement Loans | | Low-Income Borrowers | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | | Market Share | | | | | | | | | | |
| | # | % of Total** | % Families** | % FNB Loans**** | % Families* ** | % FNB Loans**** | % Families* ** | % FNB Loans**** | % Families* ** | % FNB Loans**** | Overa ll | Low | Mod | Mid | Upp | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | | | | | | |
| Butler County AA | 382 | 78.76 | 18.91 | 21.96 | 19.00 | 20.37 | 24.65 | 29.63 | 37.45 | 28.04 | 23.11 | 32.14 | 22.78 | 20.16 | 22.54 | | | | | | |
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| Limited Review: | | | | | | | | | | | | | | | | | | | | | |
| Lawrence County AA | 12 | 2.47 | 13.32 | 8.33 | 18.99 | 25.00 | 22.33 | 33.33 | 45.36 | 33.33 | 14.12 | 12.50 | 30.00 | 14.29 | 10.26 | | | | | | |
| Mercer County AA | 91 | 18.76 | 15.03 | 12.22 | 18.43 | 15.56 | 26.50 | 23.33 | 40.03 | 48.89 | 34.04 | 55.56 | 42.86 | 20.00 | 36.59 | | | | | | |
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* Based on 2002 Peer Mortgage Data: Eastern Region.

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

*** Percentage of Families is based on the 1990 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.

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | Geography: First National Bank of Slippery Rock Evaluation Period: January 1, 2000 TO December 31, 2002 | | | | | | | |
|--|---------------------------------|---|---|-----------|--|-------------------------|---------------------------|--------------|-------------------------|
| 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*** | % FNB**** | \$100,000 or less | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All | Rev \$1 Million or Less |
| Full Review: | | | | | | | | | |
| Butler County AA | 132 | 61.40 | 68.40 | 86.36 | 88.64 | 6.06 | 5.30 | 2.47 | 6.96 |
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| Limited Review: | | | | | | | | | |
| Lawrence County AA | 42 | 19.53 | 67.70 | 90.48 | 83.33 | 7.14 | 9.52 | 3.13 | 10.05 |
| Mercer County AA | 41 | 19.07 | 71.35 | 82.93 | 87.80 | 4.88 | 7.32 | 1.88 | 6.15 |
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* Based on 2002 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- 2002.)

**** 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 zero (0) of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | Geography: First National Bank of Slippery Rock | | | | Evaluation Period: May 10, 1999 TO May 10, 2004 | | | |
|------------------------|--------------------------|---|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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: | | | | | | | | | |
| Butler County AA | 0 | 0 | 9 | 589 | 9 | 589 | 84.00 | 0 | 0 |
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| Limited Review: | | | | | | | | | |
| Lawrence County AA | 0 | 0 | 1 | 35 | 1 | 35 | 5.00 | 0 | 0 |
| Mercer County AA | 0 | 0 | 1 | 75 | 1 | 75 | 11.00 | 0 | 0 |
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* '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.

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

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: FNB of Slippery Rock Evaluation Period: May 10, 1999 TO May 10, 2004 | | | | | | | | | | | | | | | | | |
|--|--------------------------------|-------------------|--------------------------------|---|-----|-----|-----|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|--------|-------|
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | |
| | % of Rated Area Deposits in AA | # of FNB 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: | | | | | | | | | | | | | | | | | |
| Butler County AA | 78.37 | 6 | 66.67 | 0 | 0 | 100 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0.00 | 12.18 | 70.75 | 17.07 |
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| Limited Review: | | | | | | | | | | | | | | | | | |
| Lawrence County AA | 6.94 | 2 | 22.22 | 0 | 0 | 0 | 100 | 2 | 0 | 0 | 0 | 0 | 2 | 0.00 | 0.00 | 72.59 | 27.41 |
| Mercer County AA | 14.69 | 1 | 11.11 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 100.00 | 0.00 |
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