



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

July 16, 2001

# **Community Reinvestment Act Performance Evaluation**

**Swineford National Bank  
Charter Number: 7003**

**227 East Main St  
Middleburg, PA 17842**

**Office of the Comptroller of the Currency**

**Eastern Pennsylvania (Philadelphia)  
Four Greenwood Square, Suite 120  
3325 Street Road  
Bensalem, PA 19020**

**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 **Swineford National Bank (SNB)** with respect to the Lending, Investment, and Service Tests:

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

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

The major factors that support this rating include:

- SNB’s level of lending is good.
- A substantial majority of home mortgages loans and small loans to business and farms are originated within the assessment area (AA).
- The borrower distribution of loans is good.
- Community development loans had a positive impact on the lending test rating.
- SNB has an excellent level of community development investments and responsiveness to the identified credit needs in the AA.
- Retail services are accessible to geographies and individuals of different income levels in the AA.
- SNB provides a good level of community development services in the AA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. 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.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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.

**Full-Scope Review** - Performance under the lending, investment, and service tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the U.S. 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 applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

**Limited-Scope 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, branch distribution).

**Low-Income** - Income levels that are less than 50 percent of the median family income.

**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 Statistical Area (MSA)** - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80 percent and less than 120 percent of the MFI.

**Moderate-Income** - Income levels that are at least 50 percent and less than 80 percent of the MFI.

**Small Loans to Businesses** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Loans to Farms** - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 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** - Income levels that are 120 percent or more of the MFI.

## Description of Institution

Swineford National Bank (SNB) is a \$280 million institution headquartered in Middleburg, Pennsylvania. The bank is located in the central Pennsylvania counties of Northumberland, Snyder, and Union. SNB is an intrastate bank and operates seven full service branches, each with an ATM. In addition, the bank operates two remote location ATMs. SNB's last Public Evaluation (PE) was dated February 24, 1997 and the overall CRA rating assigned was **Satisfactory**. Since the last PE, SNB has not closed any branches and has opened one new branch in Mifflinburg, Pennsylvania. There are no financial or legal impediments to hinder SNB's ability to help meet its community credit needs. SNB has no operating subsidiaries.

SNB is a subsidiary of Fulton Financial Corporation (FFC), a multi-bank holding company with \$ 6.6 billion in total assets as of December 31, 2000. FFC is headquartered in Lancaster, Pennsylvania and was incorporated in 1982. FFC's philosophy has been to allow its community banks to remain fairly independent and encourages its banks to remain community oriented. Activities conducted by any FFC subsidiary, other than SNB, have not been considered in this PE.

SNB remains a community bank. Primary products include residential mortgages, small business and agricultural loans and consumer installment loans. As of March 31, 2001, net loans and leases represent 69% of total assets. A breakdown of the loan portfolio is follows: residential mortgages 60%, commercial loans 19%, agricultural and farmland loans 3%, and consumer loans 18%. Net tier one capital is \$24,877 thousand as of March 31, 2001. Competition is strong and includes several local community banks, as well as branches of regional banks, and mortgage companies.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of community development (CD) loans, is January 1, 1997 through December 31, 2000. Under the Lending Test home mortgage loans, small loans to businesses, small loans to farms, and CD loans were evaluated. For CD loans, the Investment Test and the Service Test, the evaluation period is February 25, 1997 through July 16, 2001. The bank is not a HMDA reporter. The bank maintains its home mortgage loans on a HMDA-LAR (Loan Application Register) although not required to maintain this data.

### Data Integrity

During June 2000, SNB's publicly filed information on small loans to businesses and small loans to farms were tested for accuracy. The bank is not a HMDA reporter but voluntarily maintains home mortgage loans on a HMDA-LAR as indicated above. This report contains loan data for home mortgage products. The bank is not required to maintain the data in this format, but does so at its option. We also tested this data for accuracy. We found all loan data to be accurate, with the exception of a few rounding errors, which were corrected.

Community development loans, investments and services submitted by management were verified during the 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 one AA. Please refer to Appendix B for additional information regarding the market profile of the AA.

### Ratings

The bank's overall rating is based on the full-scope review of its one AA. Home mortgage products received more weight in evaluating the Lending Test rating since SNB originated more mortgages, 70%, than small business or small farm loans combined, 30% during the current rating period. In addition, housing for low- and moderate-income (LMI) individuals is a primary need in the bank's AA. We placed more weight on borrower distribution in evaluating the bank's lending performance. The opportunities to lend in the moderate-income geography are limited with strong competition from other financial institutions. There are no low-income geographies in the AA. Additionally, community development lending had a positive impact on the bank's Lending Test rating.

## Other

During our examination, we contacted one community group. Our contact was a county government entity, responsible for the affordable housing program. Our discussion occurred via the telephone and provided us with information regarding credit needs of the community as well as information regarding housing in general. During the discussion, we learned that there is a lack of homes available in the lower price ranges making home ownership difficult for LMI individuals and credit needs center around providing LMI individuals with affordable mortgages. Our contact believed that area banks tried to do a good job at providing products and services.

In addition, one other community contact was reviewed. The group also addressed housing needs within the AA and focused on the needs of LMI individuals. Affordable credit for housing was identified as the primary credit need. This group also believed that general banking and credit needs were being met within the AA.

## Fair Lending Review

An analysis of the 1999 small business and small farm lending data and recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in February 1997.

## 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 **High Satisfactory**. Based on a full-scope review, the bank's performance in the Non-MSA is good.

#### Lending Activity

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

SNB's lending activity is good. Approximately 70% of the loans originated during the evaluation period were home mortgage loans, 27% were small loans to businesses and, 3% were small loans to farms.

For home mortgage loan originations, approximately 30% were for home purchase, 2% were for home improvement, and 68% were refinances. SNB has sold residential mortgages totaling \$6.8 million, \$15.6 million, \$10.1 million, and \$11.3 million in 1997, 1998, 1999, and 2000 respectively. Market data is not available for home mortgage loans since the bank is not a HMDA reporter. The average loan to deposit ratio is 88% based on financial data from the past two years. The high loan to deposit ratio indicates that the bank is an active lender, especially given that the bank has sold loans during the evaluation period. SNB's strongest competition is from two larger institutions and another community bank.

In the overall AA, SNB ranks 4<sup>th</sup> in deposits, with a market share of 10.80%, as of June 30, 2000. The banks that rank 1<sup>st</sup> and 2<sup>nd</sup> for market share of deposits are significantly larger institutions. The bank that ranks 3<sup>rd</sup> with a deposit market share of 11.63% is a community bank.

In Snyder County, SNB is ranked 1<sup>st</sup> in deposits with a market share of 33.61%. The bank has four offices in this county.

In Union County, SNB is ranked 5<sup>th</sup> in deposits with a market share of 6.76%. SNB has two offices in this county.

In Northumberland County, the bank is ranked 12<sup>th</sup> in deposits with a market share of 2.55%. The bank has one office in this county.

SNB's market share of small loans to business by dollar volume is 11.61% even greater than the market share of 6.11% by number of loans. SNB market rank is 6<sup>th</sup> by number of loans and 4<sup>th</sup> by dollar volume according to 1999 Peer Small Business Data. SNB is exceeded in market share by regional banks and non-bank financial intermediaries (credit card companies) for small business loans. Small loans to farms do not represent a significant business line for SNB, However, we considered these loans in our evaluation based on SNB's market share. SNB is the 3<sup>rd</sup> largest lender, or 13% market share, of small loans to farms in its AA. Only a significantly larger regional bank and a credit card company exceeded SNB in originating small loans to farms. SNB market rank and market shares for small loans to businesses and farms compares favorably to their overall deposit market rank and market share.

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

The distribution of loans by income level of geography is adequate. There are limited opportunities to lend in the moderate-income geography. Only one-percent or 320 owner-occupied units are available in this geography. Additionally, there is strong competition for home mortgage loans and small loans to businesses.

There are no low-income geographies in SNB' AA. Therefore, an analysis of lending in low-income geographies is not meaningful. Additionally, no market share data is available for home mortgage loans since the bank is not a HMDA reporter.

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

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

Geographic distribution of home purchase loans is good. The percentage of loans originated by SNB in the moderate-income geography equals the percentage of owner occupied units in the moderate-income geography.

The geographic distribution of home improvement loans is good. The percentage of loans originated by SNB in the moderate-income geography equals the percentage of owner occupied units in the moderate-income geography.

The geographic distribution of home refinance loans is adequate when considering the limited opportunities and competition as discussed above. No home refinance loans were originated in the moderate- income geography.

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

Refer to Table 5 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.

Geographic distribution of small loans to businesses is adequate when considering the limited opportunities and strong competition from credit card companies and large regional banks for these loans, in the AA. Only 5% or 30 businesses are located in the moderate-income geography. Credit card companies have a 33% market share, in the AA.

SNB's percentage of small loans to businesses in the moderate-income geography is below the percentage of businesses in the AA. The bank's market share in the moderate-income geography is below its overall market share.

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

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 farms.

No farms are located in the moderate-income geography. Therefore, an analysis is not meaningful.

## **Lending Gap Analysis**

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in lending patterns.

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

A substantial majority of the home mortgage loans and small loans to businesses and farms originated by SNB during the evaluation period were within its AA. The percentage of mortgage loans originated within the AA is 88%, both by dollar and number volume. The percentage of small loans to businesses originated within the AA by number and dollar volume is 91% and 92%, respectively. The percentage of small loans to farms originated within the AA by number and dollar volume is 92% and 97%, respectively.

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

The distribution of loans by income level of borrower is good when considering the affordability for homeownership for a low-income person in the AA. No market share data is available for home mortgage loans since the bank is not a HMDA reporter.

The average median housing cost for the area is \$57 thousand. A low-income person earns less than \$19,100 a year based on the updated median family income, in the AA, of \$38,200. Additionally, 10% of the households are below the poverty level. As a result it is difficult for a low-income person to afford a home. Our community contact also stated that there are not enough homes available for sale in the lower price ranges.

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

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Borrower distribution of home purchase loan originations is good, when considering the difficulties encountered by a low-income person in purchasing a home, as discussed above. SNB did an excellent job at lending to moderate-income borrowers. The percentage of loan originations significantly exceeds the percentage of moderate-income families in the AA. SNB's origination of loans to low-income borrowers is below the percentage of low-income families, in the AA.

Borrower distribution of home improvement loans is good when considering that the opportunities for home improvement loans to low-income borrowers, in the AA, is limited based on the affordability as discussed above. Lending to moderate-income borrowers exceeds the percentage of moderate-income

families residing in the AA. Lending to low-income borrowers is considered adequate based on limited opportunities. No home improvement loans were made to low-income borrowers.

Borrower distribution of home mortgage refinance loans is good when considering that the opportunities for home refinance loans to low-income borrowers, in the AA, is limited based on the affordability as discussed above. Lending to moderate-income borrowers is near the percentage of moderate-income families residing in the AA. Lending to low-income borrowers is below the percentage of low-income families in the AA.

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

Refer to Table 10 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.

Borrower distribution of small loans to businesses is good. The percentage of small loans to businesses with revenues of \$1 million or less (small business) substantially meets the percentage of small businesses in the AA. The market share of loans with revenues of \$1 million or less exceeds the bank's market share for all loans to businesses. Additionally, the percentage of loans in amounts of \$100 thousand or less substantially meets the percentage of small businesses in the AA. Competition is strong, in the AA, from large regional banks and non-bank financial intermediaries (credit card companies) for small business loans.

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

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

Borrower distribution of small loans to farms is good. The percentage of small loans to farms with revenues of \$1 million or less (small farm) substantially meets the percentage of small farms, in the AA. The market share of loans with revenues of \$1 million or less substantially meets the market share for all loans to small farms. Additionally, a majority of loans were made in amounts of \$100 thousand or less. Competition is strong from large regional banks and non-bank financial intermediaries (credit card companies) for small farm loans, in the AA.

## **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Community development lending had a positive impact on the Lending Test. We determined through our community contact and our internal research that there are limited opportunities for community development lending within SNB's AA. The AA is rural and there is strong competition for community development loans from both regional and other community banks operating in the area.

SNB issued two letters of credit totaling \$644 thousand during the assessment period. The letters of credit were used to support the construction phase of the LMI housing project for the elderly in Selinsgrove. The project could not have been completed without the letters of credit. This project is responsive to the identified needs in the AA. SNB took a leadership role in the development and

creation of this project, which is discussed under the Investment Test. The bank also made an investment in the project.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the Lending Test conclusion. SNB participates with several organizations to offer flexible mortgage-related lending products that serve low- and moderate-income borrowers. SNB offers below market rate mortgages to LMI families through the Pennsylvania Housing Finance Authority (PHFA) with a minimum down payment of 5%. SNB originated 50 and 32 loans in 1997 and 1998, respectively, but did not track the dollar volume of loans under this program. In 1999, SNB originated 39 loans totaling \$2.8 million and in 2000, 20 mortgages were originated totaling \$1 million under the PHFA program. SNB participates in the Hafer Mortgage Program, another state sponsored program, for LMI families. SNB originated 24 mortgages totaling \$1.9 million under the Hafer program. The bank participates in the rural housing program. Under the rural housing program the bank grants mortgages with 100% financing and the state then guarantees the loan.

SNB participates with Union County Affordable Housing program (UCAH) and Union County Housing Authority Affordable Housing program (UCHAAH). UCAH assists first time LMI homebuyers with closing costs and down payments. UCHAAH buys older homes, refurbishes them and then resells the home to LMI families. Lending activity in both these programs generates 2 to 3 loans per year. SNB participates with the Northumberland County Planning Commission which offers closing cost and down payment assistance, a first time homebuyers program, and a rural housing home ownership program to LMI families. Finally, SNB offers FHA mortgages that allow a 3% down payment.

The number and dollar amount of loans originated during the evaluation period was not available for these programs.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated **Outstanding**. Based on a full-scope review, the bank's performance in the Non-MSA is excellent.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

We determined through community contacts and our internal research that there are limited opportunities to obtain qualified investments based on the strong competition for such investments in the AA and the rural nature of the area.

During the evaluation period SNB made investments and grants totaling \$1.5 million, in the AA. The dollar amount of the investments is considered excellent, based on the size and capacity of the institution. Additionally, SNB took a leadership role in the development of one of these investments, which is not routinely provided by private investors. Two of the investments are considered complex. Bank management dedicated resources and an extensive amount of time to the projects. The investments provide an excellent responsiveness to the identified needs in the AA.

In 2000, SNB invested \$400 thousand in an LMI elderly housing project in Selinsgrove consisting of 17 housing units for LMI individuals. SNB took a leadership role for this project. Bank management created this opportunity by soliciting two other financial institutions and a non-profit regional planning and economic development agency. The development of the project is considered complex. SNB management took the lead in this project and dedicated more than one year in developing the project. See comments under Community Development Services. SNB received tax credits for this limited partnership investment.

In 1997, SNB invested \$495 thousand in an LMI elderly housing project in Selinsgrove. It consists of 25 newly constructed one-bedroom apartments with low-income individuals occupying 13 of the units and moderate-income individuals occupying the other 12 units. SNB participated in this complex project along with another local financial institution and a non-profit regional planning and economic development agency. The project took over one year to develop. SNB received tax credits for this innovative limited partnership investment. See comments under Community Development Services.

Additionally, in 1999 and 2000 the bank invested in three housing finance agency bond issues totaling \$650 thousand, which benefit low- and moderate-income homeowners throughout the state of Pennsylvania, including the bank's AA.

Throughout the evaluation period, SNB provided 28 grants or donations totaling \$6 thousand to local non-profit organizations for various CD initiatives throughout their AA.

## **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 13 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.

Retail services are accessible to geographies and individuals of different income levels in the AA. SNB operates seven full service offices, six in middle-income geographies and one in an upper-income geography. The Sunbury branch is in very close proximity to the only moderate-income geography. Both the Sunbury branch and the moderate-income geography are located within the City of Sunbury. The branch is accessible to moderate-income population via public transportation and automobiles. All branches offer drive-up facilities, ATMs, evening hours at least one day per week, and Saturday morning hours. In addition, there are two remote location ATMs, both within the AA, and both located in middle-income BNAs. A full line of traditional banking products and services are offered at all branches.

SNB has not closed any offices since the previous evaluation. One branch was opened in a middle-income BNA.

### **Community Development Services**

Community development services are good, based on the limited opportunities for community development services. A number of officers provide their technical and financial expertise to several community organizations. Based on our community contacts and internal research opportunities for community development services are limited. Community development services are responsive to the identified credit needs in the AA.

SNB management participated on two committees that provided a total of 42 affordable housing units to low-and moderate-income individuals, in the AA. Management provided their expertise in the financing, obtaining permits, legal requirements, budgeting, and managing the projects. Refer to the Investment Test.

SNB participates in two housing programs that educate first time homebuyers regarding home ownership for low-and moderate-income borrowers. Three SNB employees have presented information on the mortgage application process, cost of home ownership, credit reports, etc.

The President actively participates on a local committee with other financial institutions and area businesses. The purpose of the committee is to allocate funding primarily to the revitalization in downtown Sunbury, which is located in a moderate-income geography. Additionally, funding has been provided to LMI individuals to refurbish the exterior of their homes.

A bank officer provides his technical expertise to a project sponsored by the Chamber of Commerce. An affordable housing project for low-and moderate-income individuals is being developed, which will be located in an industrial park. Additionally, the industrial park will include businesses of all sizes.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/97 to 12/31/00 Investment and Service Tests and CD Loans: 2/25/97 to 7/16/01	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Swineford National Bank (SNB) Middleburg, Pennsylvania	Home Mortgages, Small Loans to Businesses and Farms, and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None.	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Non-MSA for SNB	Full Scope	NA

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Non-MSA for SNB .....	B-1
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**Non-MSA AA for SNB**

Demographic Information for Full-Scope Area: Non-MSA AA for SNB						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	0.00	4.00	77.00	15.00	4.00
Population by Geography	120,694	0.00	3.00	81.00	16.00	0.00
Owner-Occupied Housing by Geography	32,008	0.00	1.00	83.00	16.00	0.00
Businesses by Geography	608	0.00	5.00	75.00	20.00	0.00
Farms by Geography	4201	0.00	0.00	87.00	13.00	0.00
Family Distribution by Income Level	31,829	15.00	19.00	26.00	40.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,816	0.00	3.00	87.00	10.00	0.00
Median Family Income	= \$28,934	Median Housing Value		= \$56,831		
HUD Adjusted Median Family Income for 2000	= \$38,200	Unemployment Rate		= 4.7% **		
Households Below the Poverty Level	= 10.14%					

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2000 HUD updated MFI.

\*\* Bureau of Labor Statics, June 2001, seasonally adjusted.

SNB’s AA includes all of Snyder and Union Counties, the central portion of Northumberland County, and the northern most portions of Mifflin and Juniata Counties. SNB operates in one Non-MSA AA consisting of 27 contiguous BNAs in rural central Pennsylvania. Within its AA SNB is ranked 4<sup>th</sup> for market share of deposits and has 10.8% of the deposits based on the June 30, 2000 FDIC Summary of Deposits. SNB operates seven full service branches, each with drive-up facilities and an ATM, and two additional remote ATMs. Banking competition is heavy for both loans and deposits in the AA. Competition exists from both larger regional institutions and community banks. Major competitors in the AA are: M&T Bank (formerly Keystone Financial Bank) ranked 1<sup>st</sup> in deposit share, 20.5%, with 12 offices; Sun Bank ranked 2<sup>nd</sup> in market share of deposits, 12.9%, with 8 offices; and First National Trust Bank ranked 3<sup>rd</sup> in market share of deposit, 11.6%, with 10 offices.

The bank offers a traditional line of banking products for both loans and deposits. The economy in the AA is stable. Major employers are the U.S government, Commonwealth of Pennsylvania, county governments, school districts, universities, hospitals and health care related organizations, and a variety of other private industries.

We determined through our community contact and our internal research that there are limited opportunities for community development lending, investments, and services within SNB’s AA. The AA is rural and there is strong competition for community development loans, investments, and services from both regional and other community banks operating in the area.

During the examination, we contacted one community group. From our discussion with the contact we learned that there is a lack of homes available in the lower price ranges making home ownership difficult for low-income individuals. Credit needs center around providing LMI individuals with affordable home mortgages. In addition, one other community contact was reviewed during the examination. Again, affordable housing credit for LMI families was the primary credit need.

As previously outlined a low-income family earns \$19,100 or less while the median housing value is \$57 thousand making it difficult for a low-income families to afford a home. Low-income families represent 15% of the population in the AA and 10% of households are below the poverty level.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: 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 MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of 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 MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME		State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Non-MSA AA for SNB	100	980	73,318	381	27,937	33	2,800	0	****	1,394	104,055	100

(\*) Rated area refers to either the state or multistate MSA rating area.

(\*\*) The evaluation period for Community Development Loans is February 27, 1997 to July 16, 2001.

(\*\*\*) Deposit data as of June30, 1999. Rated area refers to either the state or multistate MSA rating area.

\*\*\*\* See comment under **Community Development Loans**

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
Non-MSA AA for SNB	296	100	0.00	0.00	1.00	1.00	83.00	86.00	16.00	13.00	NA	NA	NA	NA	NA

(\*) Home purchase loans originated and purchased in the MSA/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.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

NA - SNB is not a required HMDA reporter and therefore market share data is not available.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000								
MSA/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:															
Non-MSA AA for SNB	15	100	0.00	0.00	1.00	1.00	83.00	87.00	16.00	13.00	NA	NA	NA	NA	NA

(\*) Home improvement loans originated and purchased in the MSA/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 the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

NA - SNB is not a required HMDA reporter and therefore market share data is not available.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000								
MSA/Assessment Area:	Total Home 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	Over all	Low	Mod	Mid	Upp
Full-Review:															
Non-MSA AA for SNB	669	100	0.00	0.00	1.00	0.00	83.00	87.00	16.00	13.00	NA	NA	NA	NA	NA

(\*) Home mortgage refinance loans originated and purchased in the MSA/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 the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

NA - SNB is not a required HMDA reporter and therefore market share data is not available.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000								
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
Non-MSA AA for SNB	381	100	0.00	0.00	5.00	1.00	75.00	79.00	20.00	20.00	6.11	0.00	0.60	7.48	4.48

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000								
MSA/Assessment Area:	Total Small Loans To Farms		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	Over all	Low	Mod	Mid	Upp
Full-Review:															
Non-MSA AA for SNB	33	100	0.00	0.00	0.00	0.00	87.00	91.00	13.00	9.00	13.54	0.00	0.00	13.54	0.00 #

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.

# - Market data based on 1999 info only. SNB did not originate any loan in upper-income geographies in 1999.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000								
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	Over all	Low	Mod	Mid	Upp
Full-Review:															
Non-MSA AA for SNB	296	100	15.00	6.00	19.00	24.00	26.00	32.00	40.00	33.00	NA	NA	NA	NA	NA

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 5% of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

NA - SNB is not a required HMDA reporter and therefore market share data is not available.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000								
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	% of Families **	% BANK Loans ***	Over all	Low	Mod	Mid	Upp
Full-Review:															
Non-MSA AA for SNB	15	100	15.00	0.00	19.00	20.00	26.00	13.00	40.00	67.00	NA	NA	NA	NA	NA

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

(\*\*) Percentage of Families is based on 1990 Census information.

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

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

NA - SNB is not a required HMDA reporter and therefore market share data is not available.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			State: Pennsylvania				Evaluation Period: January 01, 1997 to December 31, 2000								
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families**	% BANK Loans***	% of Families**	% BANK Loans**	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	Over all	Low	Mod	Mid	Upp
Full-Review:															
Non-MSA AA for SNB	669	100	15.00	3.00	19.00	18.00	26.00	29.00	40.00	47.00	NA	NA	NA	NA	NA

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

NA - SNB is not a required HMDA reporter and therefore market share data is not available.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Pennsylvania 2000		Evaluation Period: January 01, 1997 to December 31,				
	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 Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Non-MSA AA for SNB	381	100	88.00	85.00	81.00	14.00	5.00	6.11	7.72

(\*) Small loans to businesses originated and purchased in the MSA/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.

(\*\*\*) 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% of small loans to businesses originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		State: Pennsylvania		Evaluation Period: January 01, 1997 to December 31, 2000					
	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 Businesses**	% 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:									
Non-MSA AA for SNB	33	100	98.00	97.00	64.00	36.00	0.00	13.54	13.04

- (\*) Small loans to farms originated and purchased in the MSA/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 businesses.
- (\*\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to businesses originated and purchased by the bank.
- (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: Pennsylvania		Evaluation Period: January 01, 1997 to July 16, 2001					
MA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Non-MSA AA for SNB	0	0	33	1,551	33	1,551	100	0	0

- (\*) Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
- (\*\*) Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				State: Pennsylvania				Evaluation Period: January 01, 1997 to July 16, 2001									
MSA/Assessment Area:	Deposits	Branches				Branch Openings/Closings				Population							
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Non-MSA AA for SNB	100	7	100	0	0	86.00	14.00	0	1	0	0	1	0	0.00	3.00	81.00	16.00



