



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

July 26, 2010

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

FNB Bank, National Association  
Charter Number: 325

354 Mill Street  
Danville, PA 17821

Office of the Comptroller of the Currency

Western Pennsylvania Field Office  
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Monroeville, PA 15146-2529

**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 **FNB Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- FNB’s lending activity and record of originating home mortgage and small loans to businesses reflects good responsiveness to assessment area (AA) credit needs;
- FNB originated a substantial majority of its home mortgage and small loans to businesses within the combined AAs;
- FNB’s record of originating home mortgage and small loans to businesses among AA geographies reflects adequate penetration among AA geographies of different income levels;
- FNB’s record of originating home mortgage loans and small loans to businesses among AA borrowers reflects adequate penetration among AA borrowers of different income levels and excellent penetration among AA businesses of different sizes;
- FNB’s record of originating flexible loan products to AA borrowers, had a positive impact on the lending test rating;
- FNB’s record of funding community development (CD) investments, donations and grants over the evaluation period reflects good responsiveness to AA community needs.
- FNB’s service delivery systems are accessible throughout its AAs;
- FNB’s record of participation in AA CD services reflects good responsiveness to AA community 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.

**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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

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

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

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

FNB Bank, N. A. (FNB) is an intrastate community bank headquartered in Danville Pennsylvania. As of December 31, 2009, FNB reported assets totaling \$402 million. FNB is a wholly owned subsidiary of Fulton Financial Corporation (FFC.) FFC is a bank holding company formed in 1982 and headquartered in Lancaster PA. FFC has assets totaling \$16.6 billion. As of December 31, 2009; FFC bank subsidiaries included eight affiliate banks located in Maryland, Delaware, Virginia, and New Jersey. FFC non-banking subsidiaries include Fulton Reinsurance Company LTD, Fulton Financial Realty Company, FFC Management Inc., FFC Penn Square Inc., Fulton Insurance Services Group, Inc., and Central Pennsylvania Financial Corporation (CPFC). During 2009, Fulton Financial Advisors, N.A. became an operating subsidiary of Fulton Bank. CPFC was designed to centralize investment activities for all of FFC's affiliate banks. Since some of FNB's qualified investments were funded through CPFC, the investment activities facilitated through CPFC on behalf of and for FNB were considered in this evaluation. FNB does not have any operating subsidiaries.

FNB is a full service community bank offering an array of traditional consumer and commercial, loan and deposit, banking products. FNB's consumer banking products and services include checking and savings accounts, certificates of deposit, individual retirement accounts, auto loans, home equity loans and lines of credit, home mortgages, and personal loans. FNB's commercial banking products and services include checking accounts, money market accounts, certificates of deposit, small business loans, term loans secured by real estate and other assets, lines of credit, and letters of credit.

FNB operates eight full service branch offices in the central Pennsylvania Counties of Northumberland, Columbia, Montour and Lycoming. All eight branch offices offer extended hours on Friday evenings and Saturday mornings. Of the eight branch offices, seven offer drive-through and automated teller machine (ATM) services. During the evaluation period, FNB has not been engaged in any mergers or acquisitions, nor has FNB opened or closed any branch offices.

As of December 31, 2009, FNB reported net tier one capital of \$24 million. Also as of year end 2009, FNB reported that of its total assets, 63% totaling \$253 million, consisted of net loans. FNB's loan portfolio included residential real estate loans (48%), commercial real estate loans (20%), consumer loans (16%), commercial and industrial loans (8.4%), state, political, and other loans (5%), and construction and development loans (2%).

Competition emanates primarily from branch offices of regional financial institutions. FNB's primary competitors for deposit market share include First Columbia Bank & Trust Co., First Keystone National Bank, Susquehanna Bank, and Manufacturers and Traders Trust Company.

There are no financial or legal impediments impacting FNB's ability to help meet the community credit needs of its AAs.

FNB's previous CRA examination was conducted July 9, 2007; and the bank was assigned an overall rating of "Outstanding."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

FNB's performance relative to the Community Reinvestment Act (CRA) was evaluated using large bank, CRA examination procedures. Large bank CRA procedures include a Lending Test, an Investment Test and a Service Test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The Investment Test evaluates the bank's responsiveness to the CD needs of its AAs through its CD investments, grants and donations. And the Service Test evaluates accessibility of the bank's services and the bank's responsiveness to AA community needs through its participation in CD services.

FNB's record of originating home mortgages and small loans to businesses was evaluated over the period between January 1, 2007 and December 31, 2009. Home mortgage loans include home purchase, home improvement and home mortgage refinance loans. FNB's record of originating home mortgages and small loans to businesses was evaluated because home mortgages and small loans to businesses represent FNB's primary loan products and are reflective of FNB's business strategy over the evaluation period. Over the period, FNB also originated small loans to farms and multi-family loans. However, relative to FNB's overall lending, the number of small loans to farms and multi-family loans were considered to be nominal. Therefore an analysis of FNB's record of originating small loans to farms and multi-family loans would not have been meaningful and was not performed. Lending Tables pertaining to small loans to farms and multifamily loans were eliminated.

FNB's responsiveness to CD needs was evaluated over the period between July 10, 2007 and July, 26, 2010. The evaluation period for FNB's CD performance represents the time period between the start of FNB's last CRA exam and the start of its current CRA exam. CD performance was evaluated through a review of FNB's CD loans, investments and services and the responsiveness of these activities to AA community needs. CD investments funded during a previous evaluation period for which an outstanding balance remained as of July 26, 2010, were appropriately considered under the Investment Test. Accessibility of retail services and CD service participation were considered under the Service Test.

### Data Integrity

FNB's publicly reported data relative to home mortgages and small loans to businesses was tested for accuracy and determined to be reliable for purposes of this CRA evaluation. CD loans, investments and services submitted by FNB management were also verified against the regulatory definition of community development to ensure that they qualified for consideration as CD activities.

### Selection of Areas for Full-Scope Review

For the evaluation period, we conducted a full-scope review of the Northumberland/Montour/Columbia AA. This is the AA in which FNB operated a majority of its branch offices, derived a majority of its deposits and originated a majority of its loans. The Lycoming AA was selected for a limited scope review. During the evaluation period, of FNB's deposits, just 6.3% were

derived from within the Lycoming AA and of FNB's loan originations, just 11.7 % were originated from within the Lycoming AA.

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

## **Ratings**

The bank's overall rating is based primarily on the area that received a full-scope review, the Northumberland/Montour/Columbia AA. The Lending Test was more heavily weighted than the Investment Test or the Service Test. For the Lending Test, FNB's record of originating home mortgage loans was more heavily weighted than its record of originating small loans to businesses. During the evaluation period, loans originated by FNB within the Northumberland/Montour/Columbia AA included home mortgages (87%), small loans to businesses (13%) and small loans to AA farms (less than 1%.) Also, FNB's record of originating loans to borrowers of different income levels and businesses of different sizes was weighted more heavily than FNB's record of originating loans among AA geographies. Lending opportunities were concentrated in middle-income AA geographies as evidenced by the vast majority of AA owner-occupied housing and businesses located in those geographies.

## **Other**

During the examination, we contacted three area community organizations. The primary missions of the organizations included economic development, housing development, and small business rehabilitation and development. Based on information gathered from community contacts, we determined that affordable housing, particularly housing targeted to low- and moderate-income seniors is a primary community credit need. Additionally, grants, donations, and equity funding for development of newly established, small businesses are also community needs. The community contacts advised that opportunities for CD lending, investments, and services are limited. Two of the contacts specifically named FNB as a community leader in responding to area banking and credit needs and noted FNB's overall outstanding participation.

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

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Northumberland/ Montour/Columbia 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.

#### Northumberland/Montour/Columbia AA

FNB's lending activity in the Northumberland/Montour/Columbia AA is good, and reflects good responsiveness to community credit needs.

FNB operates seven branch offices within the Northumberland/Montour/Columbia AA. Of FNB's total deposits, the majority (94%) are derived from within this AA. As of June 30, 2010, FNB's deposit market share was 11.5% ranking FNB third among financial institutions taking AA deposits. FNB's major AA competitors include: First Columbia Bank and Trust (17.48% deposit market share, twelve offices) First Keystone National Bank (13.56% deposit market share, six offices), Susquehanna Bank (11.48% deposit market share, seven offices), and Manufacturers and Traders Trust Company (10.31% deposit market share, eight offices).

Over the evaluation period, of FNB's originations of home mortgages and small loans to businesses, the majority (87%) were originated within the Northumberland/Montour/Columbia AA. Of FNB's AA loan originations, 86% and 13% were home mortgage loans and small loans to businesses, respectively. Among FNB's AA home mortgage loan originations, 42%, 23% and 35% were home purchase, home improvement and home refinance loans respectively. The 2008 home mortgage loan market share data ranks FNB 1<sup>st</sup> among AA mortgage lenders with a market share of 13.63%. FNB's mortgage loan market share reflects a good level of AA mortgage lending activity particularly considering area competition from larger lenders with greater resources.

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

FNB's record of distributing home mortgages and small loans to businesses among AA borrowers of different income levels and AA businesses of different sizes is adequate.

#### Northumberland/Montour/Columbia AA

FNB's record of originating home mortgages and small loans to businesses among AA borrowers of different income levels and AA businesses of different sizes is adequate.

The analysis of FNB's record of originating home mortgages and small loans to businesses among AA geographies, considered limited lending opportunities and competition emanating from other financial institutions including an affiliate bank. Of AA geographies none are classified as low-income and just six are classified as moderate-income. An analysis of lending in low-income AA geographies did not apply and was not performed.

Opportunities for originating home mortgages in moderate-income AA geographies are limited. Of AA owner-occupied housing, just 5,513 units are located in moderate-income AA geographies. Additionally, home mortgage lending opportunities in this AA are impacted by home ownership affordability. U.S. census data for 2000, reports the AA median housing value as \$75,868. The HUD updated median family income for 2009 is reported as \$53,800. Low- and moderate-income AA families earn less than 50% and 80% of the median family income respectively. For low-and moderate-income AA families, this represents annual incomes of less than \$26,900 and \$43,040 respectively. Opportunities for originating small loans to businesses are also limited. Of AA businesses, just 1,421 are located in moderate-income AA geographies. Additionally, FNB encounters competition for business lending from large national business lenders.

### **Home Mortgage Loans**

Refer to Tables 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.

### **Home Purchase Lending**

FNB's record of originating home purchase loans among AA geographies of different income levels is adequate. Of FNB's home purchase loan originations, the percentage originated in moderate-income AA geographies is significantly lower than the percentage of owner-occupied housing located in those geographies. FNB's market share of home purchase loans originated in moderate-income AA geographies is lower than its overall home purchase AA market share. Among lenders originating home purchase loans in moderate-income AA geographies, FNB is ranks fourth with an 8.13% market share.

### **Home Improvement Lending**

FNB's record of originating home improvement loans among AA geographies of different income levels is adequate. Of FNB's home improvement loan originations, the percentage originated in moderate-income AA geographies is lower than the percentage of owner-occupied housing located in those geographies. FNB's market share of home improvement loans originated in moderate-income AA geographies is significantly lower than its overall home improvement AA market share. Among lenders originating home improvement loans in moderate-income AA geographies, FNB ranks seventh with a 5.8% market share.

### **Home Refinance Lending**

FNB's record of originating home refinance loans among AA geographies of different income levels is adequate. Of FNB's home refinance loan originations, the percentage originated in moderate-income AA geographies is significantly lower than the percentage of owner-occupied

housing located in those geographies. FNB's market share of home refinance loans originated in moderate-income AA geographies is also significantly lower than its overall home refinance AA market share. Among lenders originating home refinance loans in moderate-income AA geographies, FNB ranks first with a 10.58% market share.

### **Small Loans to Businesses**

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

FNB's record of originating small loans to businesses among AA geographies is adequate. Of FNB's small loan originations to businesses, the percentage originated in moderate-income AA geographies, is significantly lower than the percentage of AA businesses located in those geographies. FNB's market share of small loans to businesses originated in moderate-income AA geographies is also significantly lower than its overall market share of small loans to AA businesses. Among lenders originating small loans to businesses in moderate-income AA geographies, FNB is ranks fifteenth with a 2.01% market share.

### **Lending Gap Analysis**

A review and analysis of the geographic distribution of FNB's originations of home mortgages and small loans to businesses among AA geographies over the evaluation period did not identify any unexplained gaps.

### **Inside/Outside Ratio**

This portion of the evaluation was performed at the bank level. FNB, over the evaluation period, originated a substantial majority of its home mortgages and small loans to businesses within the combined AAs. Specifically, over the period, of FNB's originations of home mortgages and small loans to businesses, 92% were originated within the combined AAs. Of FNB's originations of home mortgages, 91% were originated within the combined AAs. By home mortgage product type, of FNB's home purchase, home improvement and home refinance loan originations, 88%, 93% and 91% respectively, were originated within the combined AAs. Similarly, of FNB's originations of small loans to businesses, 97% were originated within the combined AAs.

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

FNB's distribution of home mortgages and small loans to businesses among AA borrowers of different income levels and AA businesses of different sizes is good.

### **Northumberland/Montour/Columbia AA**

#### **Home Mortgage Loans**

Refer to Tables 9, 10 and 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The analysis of FNB's record of originating home mortgages among AA borrowers of different income levels considered affordability of home ownership for low-income AA families. The average median AA housing value is \$75,868 and a low-income family earns less than \$26,900. Additionally, 12% of AA households are below the poverty level and considered to be very low-income. Lack of home ownership affordability limits opportunities for home purchase, home improvement, and home refinance lending to low-income AA families. FNB has demonstrated that despite limited demand for home mortgages over the evaluation period, that it is a leader in AA home mortgage originations. Specifically, among lenders originating AA home purchase and home refinance loans mortgages, FNB ranks first. And among lenders originating AA home improvement loans, FNB ranks third.

### **Home Purchase Lending**

FNB's record of originating home purchase loans among AA borrowers of different income levels is adequate. Of FNB's home purchase loan originations, the percentage originated to low-income AA borrowers is significantly lower than the percentage of AA families classified as low-income. And of FNB's home purchase loan originations, the percentage originated to moderate-income AA borrowers is somewhat lower than the percentage of AA families classified as moderate-income. FNB's market share of home purchase loans originated to low-income AA borrowers is lower than its overall home purchase AA market share. And FNB's market share of home purchase loans originated to moderate-income AA borrowers is significantly lower than its overall home purchase AA market share. Among lenders originating AA home purchase loans, FNB ranks first with a 16.91% market share.

### **Home Improvement Lending**

FNB's record of originating home improvement loans among AA borrowers of different income levels is adequate. Of FNB's home improvement loan originations, the percentage originated to low-income AA borrowers is significantly lower than the percentage AA families classified as low-income. And of FNB's home improvement loan originations, the percentage originated to moderate-income AA borrowers is near to the percentage of AA families classified as moderate-income. FNB's market share of home improvement loans originated to low-income AA borrowers exceeds its overall home improvement AA market share. And FNB's market share of home improvement loans originated to moderate-income AA borrowers is near to its overall home improvement market share. Among lenders originating AA home improvement loans, FNB ranks third with a 14.16% market share.

### **Home Refinance Lending**

FNB's record of originating home refinance loans to AA borrowers of different income levels is adequate. Of FNB's home refinance loan originations, the percentage originated to low-income AA borrowers is significantly lower than the percentage of AA families classified as income. And of FNB's home refinance loan originations, the percentage originated to moderate-income AA borrowers is near to the percentage of AA families classified as moderate-income. FNB's market share of home refinance loans originated to low-income AA borrowers is near to its overall home refinance AA market share. And FNB's market share of home refinance loans originated to moderate-income AA borrowers equals its overall home refinance AA market share. Among lenders originating AA home refinance loans FNB, ranks

first with an 11.87% market share. Additionally, the institutions garnering a greater home refinance market share than FNB are larger financial institutions with greater resources.

### **Small Loans to Businesses**

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

FNB's record of originating small loans to AA businesses of different sizes is excellent, despite strong competition from an affiliate bank as well as relatively larger national lenders that offer small business credit cards. Of FNB's small loan originations to AA businesses, the percentage originated to small AA businesses exceeds the percentage AA businesses defined as small. Small businesses are defined as businesses reporting annual revenues of \$1 million or less. FNB's market share for small loans to AA small businesses exceeds its overall market share for small loans to AA businesses. Among lenders originating small loans to AA businesses, FNB ranks eleventh with a 4.49% market share. The majority of lenders garnering a larger market share of loans to AA businesses defined as small are large national lenders with greater resources. Additionally, of FNB's small loans originated to AA businesses, approximately 68% are for amounts of \$100 thousand or less. FNB's record of originating smaller dollar amount loans to AA businesses demonstrates FNB's willingness to originate loans in the smaller dollar amounts needed by small businesses.

### **Community Development Lending**

Community development lending had a neutral impact on the lending test rating. As previously noted, affordable housing is considered to be a primary credit need by community contacts. All three community contacts indicated that AA banking and credit needs are being satisfied.

During the evaluation period, FNB did not originate any CD loans; therefore, the lending table which details CD lending has been eliminated.

### **Product Innovation and Flexibility**

Product flexibility had a positive impact on the Lending Test rating. As previously noted, affordable housing is considered to be a primary AA credit need. To assist in meeting this need, during the evaluation period, in conjunction with six, various flexible loan programs, FNB processed 171 loan applications for low-and moderate-income borrowers. These flexible loan programs were integrated into the holding company origination program during 2007 and therefore were booked at the holding company level.

- The PHFA Keystone Plus loan program provides loans at below-market interest rates with no origination fees.
- The PHFA Keystone Plus Closing Cost Assistance loan program provides a deferred payment, non-interest bearing loan of up to \$2,000 for down payment or closing cost assistance.
- The Guaranteed Rural Housing loan program provides a guaranteed 30-year fixed rate loan, up to 100% financing of the market value, with no down payment requirements.

- The Columbia County First Time Homebuyer Assistance loan program provides up to \$5,000 in down payment or closing cost assistance for qualifying Columbia County residents.
- The Northumberland County Eligible Homebuyer Assistance loan program provides up to \$3,500 in down payment or closing cost assistance for qualifying Northumberland County residents.
- The Shamokin Redevelopment Authority First Time Homebuyer loan program provides a non-interest bearing loan for up to 15% of the sales price for down payment or closing cost assistance, which is forgivable after five years. In addition, up to \$700.00 is available for closing cost assistance.

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

Based on a limited-scope review, the bank's performance under the lending test in the Lycoming County AA (MSA 48700) is not inconsistent with the bank's overall "Low Satisfactory" performance under the Lending Test.

Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the investment test is rated "High Satisfactory." Based on a full-scope review, FNB's performance in the Northumberland/Montour/Columbia AA is good.

Refer to Table 15 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

#### **Northumberland/Montour/Columbia AA**

FNB's record of funding CD investments, grants and donations is considered to be significant and demonstrates good responsiveness to identified AA community needs. The CD investment analysis considered AA needs and opportunities identified by community contacts. CD investment needs include affordable housing, particularly for low-and moderate-income AA seniors. Additionally, community contacts confirmed that the availability of AA, CD investment opportunities are limited.

During the evaluation period, FNB funded a qualified CD investment originated during the prior evaluation period which benefitted its AA. Specifically, FNB funded \$1.3 million of a \$2.6 million CD investment for which \$1.3 million had been funded during the prior evaluation period. The purpose of the CD investment was the construction of 24 apartments for low-and moderate income senior residents in a middle-income geography classified as distressed. The investment is considered to be responsive to identified AA community needs.

During the evaluation period, FNB also funded twelve grants and donations totaling approximately \$42 thousand. The donations benefitted four local organizations that provide affordable housing and community services targeted to low-and moderate income AA individuals and families.

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

Based on a limited-scope review, the bank’s performance under the investment test in the Lycoming AA (MSA 48700) is not inconsistent with the bank’s overall “High Satisfactory” performance under the Investment Test.

Refer to Table 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 “High Satisfactory.” Based on a full-scope review, FNB’s performance in the Northumberland/Montour/Columbia AA is good.

### **Retail Banking Services**

Refer to Table 16 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 accessible throughout its Northumberland/Montour/Columbia AA to geographies and individuals of different income levels.

Of FNB’s seven branch offices, six and one are situated within middle-and upper-income geographies respectively. FNB does not operate any branch offices within the AA’s six moderate-income geographies. The AA does not contain any low-income geographies. However, of FNB’s seven branches, two are situated within close proximity to all six moderate-income AA geographies. Specifically, FNB’s Berwick branch is situated within two miles of the Berwick area, moderate-income geography. Similarly, FNB’s Shamokin branch is situated within two miles of the five Shamokin area moderate-income geographies. Furthermore, the majority, 76% and 8% of low-and moderate-income AA families respectively, reside in middle-income AA geographies. Considering the close proximity of FNB’s branch locations to moderate-income AA geographies and the location of low-and moderate-income AA families, FNB’s delivery systems are considered to be accessible to AA geographies and individuals of different income levels.

FNB’s hours of operation, products and services are comparable among AA branch offices. FNB's hours and services do not vary in a way that inconveniences portions of the AA, particularly low-and moderate-income AA individuals and families. FNB operates seven full service branch offices within Montour, Northumberland, and Columbia Counties. All seven branch offices offer extended hours on Friday evenings and Saturday mornings. Of the seven branches, six offer drive-through and ATM services. FNB’s main office does not offer drive-through or ATM services. However, another FNB branch office, within walking distance from

the main office, offers drive through and ATM services. All seven branch offices offer a full array of traditional banking products and services. FNB did not open or close any branch offices during the evaluation period.

In addition to its ATM network, FNB also provides alternative systems for delivering retail banking services to its community through full service Internet and telephone banking. No weight was placed on FNB's alternative delivery systems since FNB did not provide specific information on how low-and moderate-income AA residents benefitted from these systems.

During the evaluation period, FNB continued to fulfill the function of treasurer for the Danville-Montour County Joint First Time Homebuyers Program Board. Under this program, currently vacant residential real estate properties are acquired, rehabilitated, and sold to qualified low-and moderate-income, first-time home buyers. As Treasurer for this program, FNB provides required first-time homebuyer counseling including credit repair and checking account services as well as guidance relative to property acquisition, rehabilitation and resale.

### **Community Development Services**

FNB's record of participating in CD services demonstrates good responsiveness to Northumberland/Montour/Columbia AA community needs. Over the evaluation period, five FNB representatives provided financial and technical expertise to eight separate qualified CD organizations. The CD services focused on affordable housing and community services targeted to low-and moderate-income AA individuals and families. All of the CD services in which FNB participated, targeted identified community needs.

An FNB Officer served on the Board of Directors and in that capacity provided financial and technical expertise to a local organization that promotes revitalization in the downtown Danville business district.

An FNB Officer served on the Board of Directors and in that capacity provided financial and technical expertise to a local organization that benefits low-and moderate-income AA individuals and families.

An FNB Officer served on the Board of Directors and in that capacity provided technical expertise and advice to a local, non-profit industrial development organization that benefits the Danville area.

An FNB Officer provides financial and home ownership education and counseling for low-income housing occupants through partnership with a local housing authority, family self-sufficiency program committee.

An FNB Officer serves on the Board for a local housing authority, acting as treasurer for a first-time homebuyer's program. The Officer provides first time homebuyers with distressed home, purchase and rehabilitation counseling.

An FNB Officer provided financial experience through service locally, on the review board of an international organization. The board of the organization oversees the distribution of funds, targeting basic, subsistence needs, including housing and heating of local low-and moderate-income individuals.

An FNB Officer served on the Board of Directors and in that capacity provided financial and technical expertise to a non-profit organization which targets local low-and moderate-income individuals. Specifically, the organization provides vocational assessment, training and employment opportunities to local, low-income, disabled individuals.

An FNB Officer provided technical expertise to a local township housing authority. The local housing authority provides housing for local, low-and moderate-income seniors.

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

Based on a limited-scope review, the bank's performance under the service test in the Lycoming AA (MSA 48700) is weaker than the bank's overall "High Satisfactory" performance under the service test. FNB's weaker performance in the Lycoming AA is a result of the relatively few community development services in which FNB representatives participate benefitting this AA. FNB's weaker performance in the Lycoming AA had a minimal impact on the overall service test conclusion.

## 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 nonmetropolitan 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): 01/01/07 to 12/31/09 Investment and Service Tests and CD Loans: 07/10/07 to 07/26/10	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
FNB Bank, N. A. (FNB) Danville, Pennsylvania	Home mortgage loans, small loans to businesses, community development loans, investments, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
(Central Pennsylvania Financial Corporation (CPFC))	Subsidiary of Fulton Financial Corporation	Qualified Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Northumberland /Columbia/Montour County, Non- MSA- 2007-2008-2009	Full Scope	2007-2008-2009: 2000 Census and MSA boundaries
Lycoming County, MSA 9140- 2007-2008-2009	Limited Scope	

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

### Northumberland/Montour/Columbia County – Non-MSA

Institution ID: FNB Bank NA

### (FNB Northumberland/Montour/Columbia AA)

Demographic Information for Full-Scope Area: (Northumberland/Montour/Columbia AA)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	43	0.00	13.95	74.42	11.63	0.00
Population by Geography	176,943	0.00	13.28	75.72	11.00	0.00
Owner-Occupied Housing by Geography	51,725	0.00	10.66	77.35	11.99	0.00
Businesses by Geography	10,267	0.00	14.25	72.85	12.91	0.00
Farms by Geography	621	0.00	3.22	82.45	14.33	0.00
Family Distribution by Income Level	47,244	17.63	20.15	25.49	36.73	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	17,849	0.00	16.76	75.60	7.64	0.00
Median Family Income	41,475	Median Housing Value		75,868		
HUD Adjusted Median Family Income for 2009	53,800	Unemployment Rate (2009		10.2% 6/1.6% 9.2%		
Households Below the Poverty Level	12%	US bureau of labor statistics)				

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

Source: 2000 US Census and 2009 HUD updated MFI, Unemployment rate as of 12/31/09.

FNB's Northumberland/Columbia/Montour AA consists of adjacent central Pennsylvania Counties of Northumberland, Columbia, and Montour in their entireties. Specifically, the AA consists of all twenty-four geographies in Northumberland County, all fifteen geographies in Columbia County and all four geographies in Montour County. However, of the forty-three AA geographies six, thirty-two and five are classified as moderate-, middle, and upper-income respectively. Of the forty-three AA geographies, none are classified as low-income. Of the four Montour County geographies, two have been designated as distressed or underserved. Designation is based on the rates of poverty, unemployment, and population loss and assigned by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency.

U. S. Census data recorded for 2000, reports a total AA population of 176,943, total AA families of 47,244 and total AA households of 70,983, of which 12% are considered below poverty level. The 2000 U.S. Census reports a median housing value of \$75,868 and total AA housing units at 84,786, of which 61%, 23% and 9% are owner-occupied, rental and vacant respectively. The AA median family income for 2000 is reported as \$41,475 and the updated

median family income for 2009 is reported as \$53,800. Of AA families 18%, 20%, 25% and 37% are classified as low-, moderate-, middle-, and upper-income respectively.

Business demographic data for 2009 reports 10,888 AA businesses. Of AA businesses 76% reported annual revenues less than \$1 million, 4% report annual revenues greater than \$1 million and 19% did not report annual revenue. Major AA industries include service and manufacturing. Large Northumberland County employers include Weis Markets, Inc.; H.H. Knoebel Sons, Inc.; and Northumberland County Government. Large Columbia County employers are Bloomsburg University, Wise Foods, Inc., Del Monte Corporation, and Berwick Hospital Company LLC. The largest Montour County employer is Geisinger Health Systems.

The AA has been impacted by an economic recession which has nevertheless been relatively milder than the recession experienced by other areas of the country. The Bureau of Labor Statistics reports unemployment rates of 10.2%, 9.2% and 6.6% for Northumberland, Columbia and Montour Counties respectively. In comparison, the unemployment rate for the State of Pennsylvania is 8.8%.

During the examination, we contacted three community organizations. The primary missions of the organizations included economic development, housing development, and small business rehabilitation and development. Based on the community contacts, we determined that affordable housing particularly relative to low- and moderate-income seniors is a primary community credit need. Additionally, grants, donations, and equity funding for development of newly established, small businesses are also community credit needs. The community contacts advised that opportunities for community development lending, investments, and services are limited. Two of the contacts specifically named FNB as a community leader in responding to area banking and credit needs and noted their overall participation as outstanding.

FNB operates seven full service branch offices in the in Pennsylvania Counties of Montour, Northumberland, and Columbia Counties. All seven of the branch offices offer extended Friday evening and Saturday morning hours. Of the seven branches, six offer drive-through facilities and ATMs. Although FNB's main office does not offer drive-through or ATM services, these services are offered by another FNB branch office within walking distance. All branch offices offer a full line of traditional banking products and services. FNB did not open or close any offices during the evaluation period.

As of June 30, 2009, in the AA, FNB ranked third among 20 deposit taking financial institutions in the market, with 11.5% deposit market share. Major competitors are: First Columbia Bank and Trust (17.48% market share, twelve offices) First Keystone National Bank (13.56% market share, six offices), Susquehanna Bank (11.48% market share, eight offices) and Manufacturers and Traders Trust Company (10.31% market share, eight offices).

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

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. See Interagency Q&As \_\_\_ .12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 2. 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. This table is not included.
- Table 3. 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 4. Geographic Distribution of Home Improvement Loans**
- Table 5. Geographic Distribution of Home Mortgage Refinance Loans**
- Table 6. 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. This table is not applicable and not included.

- Table 7. 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 8. 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. This table is not applicable and not included.
- Table 9. 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 10. Borrower Distribution of Home Improvement Loans**
- Table 11. Borrower Distribution of Refinance Loans**
- Table 12. 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 13. 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. This table is not applicable and is not included.

**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 MA/assessment area. This table is not applicable and is not included.

**Table 15. 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. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 16. 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: FNB AA				Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009						
Assessment Area (2009):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Northumberland/Montour/Columbia AA	86.71	1,691	169,078	258	28,914	9	329	0	0	1,958	198,321	93.68
<b>Limited Review:</b>												
Lycoming AA	11.25	221	21,354	32	4,495	1	21	0	0	254	25,870	6.32

\* Loan Data as of December 31, 2009. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from July 10, 2007 to July 26, 2010.

\*\*\* Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 3. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: FNB AA				Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009						Market Share (%) by Geography <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Northumberland/Montour/Columbia AA	713	87.48	0.00	0.00	10.66	5.89	77.35	61.85	11.99	32.26	14.50	0.00	9.55	12.27	30.04	
<b>Limited Review:</b>																
Lycoming AA	82	10.06	0.00	0.00	12.14	20.73	81.92	73.17	5.94	6.10	1.66	0.00	2.60	1.54	1.18	

<sup>\*</sup> Based on 2008 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> 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.

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

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

Table 4. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: FNB AA				Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009									
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	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Northumberland/ Montour/Columbia AA	386	86.35	0.00	0.00	10.66	6.99	77.35	65.03	11.99	27.98	14.98	0.00	7.26	13.82	30.28
<b>Limited Review:</b>															
Lycoming AA	49	10.96	0.00	0.00	12.14	16.33	81.92	81.63	5.94	2.04	2.14	0.00	1.82	2.09	3.45

\* Based on 2008 Peer Mortgage Data (Eastern)

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

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

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

Table 5. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: FNB AA					Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Northumberland/Montour/Columbia AA	586	85.67	0.00	0.00	10.66	6.48	77.35	60.92	11.99	32.59	5.90	0.00	2.30	5.16	11.88	
<b>Limited Review:</b>																
Lycoming AA	85	12.43	0.00	0.00	12.14	7.06	81.92	88.24	5.94	4.71	1.31	0.00	1.60	1.27	1.27	

\* Based on 2008 Peer Mortgage Data (Eastern)

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

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

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

Table 7. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: FNB AA					Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009					Market Share (%) by Geography*				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans						
<b>Full Review:</b>																
Northumberland/Montour/Columbia AA	258	88.66	0.00	0.00	14.61	6.98	73.45	51.16	11.94	41.86	2.01	0.00	0.97	1.50	6.09	
<b>Limited Review:</b>																
Lycoming AA	32	11.00	0.00	0.00	28.99	31.25	66.47	53.13	4.54	15.63	0.18	0.00	0.19	0.14	0.90	

\* Based on 2008 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2008).

Table 9. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: FNB AA					Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009					Market Share <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Northumberland/ Montour/Columbia AA	713	87.48	17.63	5.44	20.15	15.47	25.49	27.36	36.73	51.72	15.21	10.43	7.62	14.93	20.50	
<b>Limited Review:</b>																
Lycoming AA	82	10.06	16.87	9.33	19.91	9.33	24.37	26.67	38.84	54.67	1.62	1.52	0.94	0.00	2.82	

<sup>\*</sup> Based on 2008 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.7% of loans originated and purchased by bank.

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

Table 10. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: FNB AA					Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009					Market Share*				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Northumberland/ Montour/Columbia AA	386	86.35	17.63	10.79	20.15	18.68	25.49	21.58	36.73	48.95	15.04	17.02	12.57	13.27	16.81	
<b>Limited Review:</b>																
Lycoming AA	49	10.96	16.87	4.17	19.91	12.50	24.37	39.58	38.84	43.75	2.22	2.86	2.00	1.87	2.40	

\* Based on 2008 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.6% of loans originated and purchased by bank.

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

Table 11. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: FNB AA					Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009					Market Share*				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Northumberland/ Montour/Columbia AA	586	85.67	17.63	4.34	20.15	17.71	25.49	24.48	36.73	53.47	6.38	5.97	6.34	4.23	7.75	
<b>Limited Review:</b>																
Lycoming AA	85	12.43	16.87	7.14	19.91	14.29	24.37	22.62	38.84	55.95	1.43	1.61	1.98	1.38	1.21	

\* Based on 2008 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.6% of loans originated and purchased by bank.

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

Table 12. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: FNB AA			Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Northumberland/ Montour/Columbia AA	258	88.66	65.29	77.52	68.60	20.93	10.47	2.01	4.49
<b>Limited Review:</b>									
Lycoming AA	32	11.00	65.08	81.25	65.63	18.75	15.63	0.18	0.33

\* Based on 2008 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2008).

\*\*\*\* 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 2.06% of small loans to businesses originated and purchased by the bank.

Table 15. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: FNB AA		Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Northumberland/ Montour/Columbia AA	1	1,346,457	1	1,304,674	2	2,651,131	56.26	0	0
<b>Limited Review:</b>									
Lycoming AA	1	636,336	1	1,424,696	2	2,061,032	43.74	0	0

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

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

Table 16. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	Geography: FNB AA		Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population								
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography								
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp					
<b>Full Review:</b>																						
Northumberland/Montour/Columbia AA	93.68	7	87.50	0.00	0.00	85.71	14.29	0	0	0	0	0	0	0.00	13.28	75.72	11.00					
<b>Limited Review:</b>																						
Lycoming AA	6.32	1	12.50	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	22.45	72.47	5.07					

Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System																	Geography: FNB AA		Evaluation Period: JANUARY 1, 2007 TO DECEMBER 31, 2009			
MA/Assessment Area:	Deposits	Branches						ATMs						Population								
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography								
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp					
<b>Full Review:</b>																						
Northumberland/Montour/Columbia AA	93.68	7	87.50	0	0	86	14	6	85.71	0	0	5	1	0.00	13.28	75.72	11.00					
<b>Limited Review:</b>																						
Lycoming AA	6.32	1	12.50	0	0	100	0	1	14.29	0	0	1	0	0.00	22.45	72.47	5.07					