



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Bensalem, Pa 19020

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Union National Community Bank
Charter Number: 1516**

**101 East Main Street
Mount Joy, PA 17552**

Office of the Comptroller of the Currency

**Eastern Pennsylvania Field Office
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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Satisfactory**”.

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

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

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

The major factors that support this rating include:

- UNCB’s lending levels reflect good responsiveness to community credit needs.
- The overall distribution of loans to borrowers of different income levels is good.
- The level of lending and distribution of loans to small businesses and small farms reflects excellent penetration based upon the demographics and credit needs of the assessment area.
- Community development lending levels are considered good, taking into account limited opportunities within UNCB’s assessment area and the asset size of the bank.
- Market share data for home mortgage products and small business / farm lending reflects favorably on the bank.
- UNCB made an adequate level of qualified community development investments and donations.
- Service delivery systems are accessible to geographies and individuals of different income levels in the assessment area.
- The level of community development services is low.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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

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

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

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

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

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

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

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

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

Description of Institution

Union National Community Bank (UNCB) is a \$305 million full-service intrastate financial institution with trust powers located in Mount Joy, Pennsylvania. The bank was chartered in 1853, and is a wholly-owned subsidiary of a one-bank holding company known as Union National Financial Corporation. There is one wholly-owned operating subsidiary of the bank known as Union National Insurance Agency. This subsidiary was formed in 2001 with the purpose of offering insurance products to UNCB's customers. The subsidiary and affiliate relationship does not impact UNCB's capacity to meet the community reinvestment needs of the assessment area. There are also no financial or legal impediments to hinder UNCB's ability to meet its community credit needs. UNCB's previous CRA examination was conducted as of September 13, 1999, and the bank was assigned an overall rating of "Satisfactory".

In addition to its main office, UNCB operates six full-service branches all located in northwestern Lancaster County and within the Lancaster Metropolitan Statistical Area (MSA). This includes a new branch in Columbia, Pennsylvania that opened in 2000 during this evaluation period. No branches were closed during the evaluation period.

As of June 30, 2002, UNCB had net loans approximating \$198 million or 65% of total assets. The composition of the loan portfolio consists of residential real estate loans at 65%, commercial and commercial real estate loans at 28%, agricultural loans at 4%, and consumer loans at 3%. Net tier one capital was \$24.4 million as of June 30, 2002.

Competition is strong, and includes several financial institutions that maintain banking offices in UNCB's primary market area of northwestern Lancaster County. Primary competitors are Fulton Bank, Bank of Lancaster County, and Farmers First Bank.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This evaluation period covers HMDA, small business, and small farm lending activity for 2000, 2001, and through June 30, 2002. The analysis is based on an evaluation of the bank's HMDA-Loan Activity Registers (HMDA-LARs) and small business and small farm loan registers. Specific loan products evaluated include: HMDA-reportable loans (i.e., home purchase mortgage, refinance, and home improvement loans), small business loans, and small farm loans. We evaluated community development loans and investments from September 14, 1999 through October 17, 2002. Both community development and retail services were also evaluated during this timeframe.

Data Integrity

During August of 2002, UNCB's publicly filed information on home mortgage loans was tested for accuracy. Further, we tested publicly filed data regarding small loans to both businesses and farms. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA review.

Selection of Areas for Full-Scope Review

We conducted a full-scope review of the bank's solitary assessment area, which covers parts of three MSAs: MSA 4000 – Lancaster (Lancaster County); MSA 3240 – Harrisburg-Lebanon-Carlisle (Lebanon County); and MSA 9280 – York (York County). The assessment area contains a total of 30 census tracts (CTs). Most tracts (25) are in northwestern Lancaster County, with the remaining tracts in the southern portion of Lebanon County (3) and eastern portion of York County (2). There are no low-income tracts, one moderate-income tract (3%), twenty-six middle-income tracts (87%), and three upper-income tracts (10%).

The bank has specified only one assessment area because the small number of census tracts in both MSA 3240 and MSA 9280, which are included in UNCB's assessment area, do not extend substantially beyond the border of the Lancaster MSA. The bulk of UNCB's business is generated within the Lancaster MSA. The bank's main office and all branch locations are also located within the Lancaster MSA. Regarding the Lebanon County MSA, the 3 CTs located in MSA 3240 comprise only 2% of the MSA's total tracts and just under 2% of its total population. Regarding the York County MSA, the 2 CTs located in MSA 9280 comprise just under 3% of both the MSA's total tracts and its total population.

UNCB's assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas. All market share data discussed in this Public Evaluation is from the year 2001, and is in reference to the bank's market share within the stated assessment area rather than in any larger geographic area.

Please refer to Appendix A for further information regarding the market profile of the assessment area.

Ratings

The bank's overall rating is based on the full-scope review of its one assessment area. Home mortgage loans and small loans to businesses received equal weight in determining the Lending Test rating since the bank reported high lending levels for both categories. Specifically, home mortgage loans comprise 52% of total reported loans while small loans to businesses comprise 43% of total reported loans. Small loans to farms received less weight in determining the Lending Test rating since such lending equates to only 5% of reported loans.

Regarding home mortgage loans, 46% of such lending is comprised of home improvement loans and 34% comprised of refinance loans. Accordingly, these product lines received more weight than home purchase loans in determining the Lending Test rating. We also placed more weight on borrower distribution in evaluating the bank's lending performance given the lack of any low-income geographies, and the presence of only one moderate-income geography within UNCB's assessment area. Further, it should be noted that lending to small businesses is a primary need in the bank's assessment area, along with lending to low- and moderate-income individuals.

Other

We contacted one community group in conjunction with this examination. Our contact was a local non-profit entity, responsible for affordable housing programs and economic development. Our discussion occurred via the telephone and provided us with detailed and informative data regarding credit needs of the community, as well as general information regarding housing. During the discussion, we verified

that there is a lack of housing available in the lower price ranges making home ownership difficult for low- and moderate-income individuals. In turn, a primary credit need centers around providing these individuals with affordable mortgages. These circumstances are most prevalent just outside of UNCB's assessment area within the city of Lancaster.

Fair Lending Review

An analysis of 2000, 2001, and 2002 (through June 30) HMDA data, small loans to businesses and farms, and of public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Based on our analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in September of 1999.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated "**High Satisfactory**". Based on this full-scope review, UNCB's performance in their assessment area is good.

Conclusions for Areas Receiving Full-Scope Reviews

Lending Activity

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

UNCB's lending activity is good, reflecting an overall responsiveness to the credit needs of the assessment area. The bank is ranked 13th within the assessment area for all home mortgage loan products offered based on market share information. UNCB is ranked 14th within the assessment area regarding loans extended to small businesses. Institutions ranked above UNCB in both categories are all distinctly larger in terms of asset size and include several interstate mortgage companies.

Home Mortgage Loans

Among home mortgage originations during the evaluation period, approximately 46% were home improvement loans, 34% were home mortgage refinance loans, 19% were home purchase loans, and 1% were multi-family loans. Aggregate market share data for all mortgage products indicates that UNCB ranks 13th out of 283 mortgage lenders with a market share of 2.3%.

UNCB ranked 3rd out of 69 lenders in home improvement lending, with a 10.0% market share. This performance is excellent given that close to half of the bank's home mortgage originations were home improvement loans.

The bank ranked 19th out of 225 lenders in home refinancing with a market share of 1.8%.

UNCB ranked 27th out of 164 lenders in the assessment area with a market share of just under 1% in home purchase lending.

Small Loans to Businesses

UNCB ranks 24th out of 98 lenders in small loans to businesses with a market share of 1%. The top five institutions in this category are non-bank financial corporations that comprise over 50% of this market.

Small Loans to Farms

UNCB ranks 12th out of 27 lenders in small loans to farms with a market share of under 1%.

Consumer and Multi-Family Loans

The bank chooses not to track its consumer loans, which comprises only 3% of the loan portfolio. In turn, consumer lending was not considered for this evaluation. Also, the bank originates a nominal amount of multi-family loans, as such lending comprises approximately 1% of all home mortgage products. Therefore, this type of lending was not considered for this evaluation.

Distribution of Loans by Income Level of the Geography

As noted earlier, the bulk of UNCB's census tracts are designated middle-income. There are no low-income tracts, and only one moderate-income tract within the bank's assessment area. The following analysis is based solely on the bank's lending performance within the existing moderate-income tract.

UNCB's geographic distribution of lending reflects good penetration within the sole moderate-income tract, especially considering opportunities for home ownership are limited in this moderate-income geography. Only 0.99% of owner-occupied housing within the bank's assessment area is located within this moderate-income tract.

Home Mortgage Loans

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

The following analysis compares, for each home mortgage type (i.e. home purchase, home improvement, and refinance), the percentage of UNCB's lending in its moderate-income geography to the portion of owner-occupied units in this respective geography. Also, for each loan type, the bank's market share within the moderate-income geography is compared to the bank's overall market share.

Home purchase lending geographic distribution is excellent. Lending in the moderate-income geography exceeds the percentage of owner-occupied housing in this respective geography. Though, UNCB's market share in the moderate-income geography is below its overall home purchase loan market share. This is because available market share data is for 2001, while the bank's three home purchase loans originated within its moderate-income tract were all extended in 2000.

The distribution of UNCB's home refinance lending is good. Lending in the moderate-income geography equals the percentage of owner-occupied housing in this respective geography. Though, UNCB's market share in the moderate-income geography is below its overall home refinance market share. This is because available market share data is for 2001, while the bank's two home refinance loans extended within its moderate-income tract were both originated in 2000.

No home improvement loans were extended within the bank's one moderate-income CT.

Small Loans to Businesses

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

The geographic distribution of small loans to businesses is adequate. The percentage of loans in UNCB's moderate-income CT is close to the amount of businesses located in this tract. UNCB's market share in its moderate-income tract is slightly below its overall market share for small loans to businesses.

Small Loans to Farms

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

No small loans to farms were extended within the bank's one and only moderate-income tract. It should be noted that only 0.15% of the total farms within UNCB's assessment area are located within this CT.

Lending Gap Analysis

No unexplained gaps were identified based upon the analysis of UNCB's mortgage, small business, and small farm lending during the evaluation period.

Inside/Outside Ratio

UNCB originates a majority of loans in its assessment area. During the evaluation period, 81.2% of the number and 78.7% of the dollar amount of total HMDA originations were within the bank's assessment area. During this timeframe, 87.7% of the number and 90.3% of the dollar amount of total small loans to businesses were within the assessment area. Regarding small loans to farms, 100% of both the number and dollar amount of total originations were within the assessment area. The inside / outside ratio analysis indicates that UNCB is responsive to all income segments in the assessment area.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

Our analysis revealed that overall lending to low-income borrowers for all home mortgage products is below the percentage of low-income families within the assessment area. Though, we considered the lack of affordability for a low-income individual or family to purchase a home limits the bank's lending opportunities. This is evident as the median home price in the assessment area is \$88,435, while a low-income family earns approximately \$27 thousand a year. In turn, lending to low-income individuals is considered adequate, particularly when factoring in overall favorable market share performance. UNCB's lending to moderate-income borrowers is considered very good. Depending on the product type, lending levels either exceed or are close to the percentage of moderate-income families within the assessment area.

Home purchase loan distribution by borrower income level is good. The lending volume to low-income borrowers is below the percentage of low-income families in the assessment area. This is largely due to the lack of affordability discussed in the previous paragraph. Conversely, lending to moderate-income borrowers is deemed excellent as lending levels exceed the percentage of moderate-income families

within the assessment area. UNCB's market share of both low- and moderate-income borrowers is slightly below its overall market share for this product line.

Home improvement loan distribution is excellent. The percentage of loans to low-income borrowers is below the percentage of low-income families in the assessment area, however, UNCB ranks 3rd with a market share of 11.3% to such borrowers. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families living in the assessment area. UNCB ranks 1st with a market share of 14.5% to moderate-income borrowers. Further, UNCB's market share of both low- and moderate-income borrowers exceeds its overall market share for this product line.

Home refinance loan distribution by borrower income level is adequate. The percentage of loans to both low- and moderate-income borrowers is below the percentage of such families residing in the assessment area. UNCB's market share of both low- and moderate-income borrowers reflects adequate penetration as it approximates the bank's overall market share for this product line.

Small Loans to Businesses

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

The distribution of small loans to businesses is excellent. UNCB originated 79.5% of its small loans to small businesses, which exceeds the 63.6% figure of businesses considered small businesses within the assessment area. The bank's market share of lending to small businesses also exceeds its overall business loan market share. The distribution by size of loan reflects that a majority (77.7%) of loan originations during the evaluation period were less than \$100 thousand.

Small Loans to Farms

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

The distribution of small farm lending is excellent. The percentage of loans made to small farms exceeds the percentage of small farms in the assessment area. The bank's distribution by loan size reflects that the majority (75.5%) of originations were less than \$100 thousand. UNCB's market share is just over its overall small farm loan market share.

Community Development Lending

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

Community development lending levels are considered good, taking into account limited opportunities within the bank's assessment area and the asset size of the bank. This is largely attributed to the minimal number of any low- or moderate-income geographies within the bank's assessment area. This assertion was also validated during our interview with the community contact, and by discussions with bank management.

UNCB originated one community development loan in the amount of \$750 thousand during the evaluation period on September 27, 2002. This recent extension to a local limited partnership was used

to fund the acquisition of a proposed affordable housing complex within UNCB's assessment area. Specifically, all units will be leased to individuals with income of less than or equal to 60% of the area's median income level (50-79% equates to moderate-income).

UNCB extended seven additional loans during the evaluation period totaling \$294 thousand that have community development purposes. These loans are appropriately included in the bank's CRA HMDA loan data, and are technically not community development loans. Each of these loans were made for the purpose of acquiring and renovating residential properties which, given location, would primarily attract low- and moderate-income individuals / families. All of these properties are located in moderate-income census tracts. Further, three are located within UNCB's assessment area, while four are located just outside of the bank's assessment area in Lancaster city.

Product Innovation and Flexibility

UNCB does employ flexible lending practices in order to serve the credit needs of its assessment area. As noted earlier in this evaluation, affordable housing lending is considered a primary credit need within the bank's assessment area. Specifically, the bank introduced a First Time Homebuyers program in 1994 targeted towards potential low- and moderate-income borrowers. In order to qualify, maximum household income cannot exceed \$45 thousand, while a home purchase price cannot exceed \$110 thousand. During the evaluation period, ten loans have been extended for a total of \$628 thousand within this program.

The bank also participates in the Small Business Administration (SBA) lending program on a limited basis. During the evaluation period, two SBA-guaranteed loans totaling \$1.6 million were originated.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "**Low Satisfactory**". Based on a full-scope review, the bank's performance in the Lancaster MSA (#4000) is adequate. During the evaluation period, UNCB made a nominal amount of qualified investments in terms of donations totaling approximately \$3 thousand. Though, the bank did make two prior period investments with current book values totaling \$662 thousand.

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

We determined through our community contact and our internal research that investment opportunities exist, but are limited within UNCB's assessment area. The bank has an adequate level of qualified community development investments and grants considering there are limited opportunities within UNCB's assessment area. This is largely due to an insignificant number of low- and moderate-income geographies. Most projects that do exist are funded via government programs, and competition is high for the limited amount of low-income housing tax credits that are available.

UNCB has extended approximately \$3 thousand in qualified donations during the evaluation period. These funds were donated to six organizations whose programs provide housing and an array of social services for low- and moderate-income individuals.

During 1995 UNCB committed to a \$632 thousand equity investment in a low-income housing project located within the borough of Mount Joy. The project has since been completed. Specifically, a local partnership was formed to acquire, rehabilitate, and renovate an existing warehouse facility into a 28-unit apartment complex to be rented to low- and moderate-income individuals, primarily senior citizens. In order to qualify, an individual's income level must fall within established parameters. The project received financial backing from various government and non-profit organizations, while the parties involved were eligible for federal low-income housing tax credits and historic rehabilitation tax credits. The current book value of this investment equates to \$340 thousand.

During 1990, UNCB committed to a \$478 thousand equity investment in a low-income housing project located within the borough of Mount Joy. The project has since been completed. As background, a local partnership acquired and renovated an existing warehouse facility into a 64-unit apartment complex to be rented to low- and moderate-income individuals. In order to qualify, an individual's income level must fall within established restrictive parameters. The project received financing from the Pennsylvania Housing Finance Agency, and was eligible for both federal low-income housing and historic rehabilitation tax credits. The current book value of this investment approximates \$322 thousand.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

UNCB's performance under the Service Test is rated "**Low Satisfactory**". Based on this full-scope review, UNCB's performance in the assessment area is adequate.

Retail Banking Services

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

The bank's branch delivery systems are deemed accessible to geographies and individuals of different income levels in the assessment area. UNCB provides banking services throughout the assessment area with six branch locations in addition to its main office. This includes a new office in Columbia, Pennsylvania that opened in early 2000 during this evaluation period. Office hours meet the convenience and needs of the entire community and include extended weekday and Saturday hours. The bank offers ATMs at all branches, including the main office. Three additional remote ATMs are also offered in an attempt to better serve the community. No branches were closed during the evaluation period.

Given the lack of a material number of low- or moderate-income geographies, the vast majority of low- and moderate-income families reside within middle- and upper-income census tracts. Low- and moderate-income families comprise 30.3% of total families residing within middle-income census tracts, and 21.0% of total families living in upper-income census tracts. Based on our review, services do not vary in any way that inconvenience low- and moderate-income individuals living within the assessment area. Further, one of UNCB's two branches in Columbia is located in a moderate-income geography.

The bank offers a standard array of products and services that have evolved during this evaluation period and are considered appropriate for an institution of its size and capacity. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers. UNCB provides alternative systems for delivering retail banking services to its community, including the implementation of full-service Internet banking (UnionNationalOnline) during the evaluation period. The bank continues to offer bank-by-phone, bank-by-mail, and ATMs. UNCB continues to offer a “Basic Checking Account” that would certainly appeal to low- and moderate-income customers. This non-interest bearing product has no minimum balance requirements and a nominal \$3.00 monthly service fee.

When evaluating UNCB’s services, significant weight could not be placed on the bank’s alternative delivery systems because they do not track how well these systems actually reach and meet the needs of low- and moderate-income individuals.

Community Development Services

UNCB provides a low level of qualified community development services within its assessment area. Specifically, only two such services were provided during the evaluation period, while ample opportunity for greater involvement exists.

The bank is represented on the Mount Joy Housing Assistance Committee by one of its Directors. This organization provides assistance to people, mainly to low- and moderate-income individuals, seeking affordable housing and an education regarding the responsibilities of homeownership. The aforementioned Director assists in various ways, including budget preparation and reviewing financial statements. UNCB’s President / CEO also acts as the President of “Main Street Mount Joy”. As background, Mount Joy was recently designated part of the Main Street Program in Pennsylvania, and in turn can receive grant money from the state to fund community development. The local program’s goal is to revitalize downtown Mount Joy in terms of economic development while making it more attractive to potential small businesses.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): 1/1/00 to 6/30/02 Investment and Service Tests and CD Loans: 9/14/99 to 10/17/02	
Financial Institution		Products Reviewed
Union National Community Bank (UNCB) Mount Joy, Pennsylvania		Home Mortgages, Small Loans to Businesses and Farms, and CD Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Includes portions of Lancaster MSA 4000, Harrisburg-Lebanon-Carlisle MSA 3240, and York MSA 9280	Full-Scope	None

Appendix B: Market Profiles for Full-Scope Areas

Lancaster MSA 4000, Harrisburg-Lebanon-Carlisle MSA 3240, and York MSA 9280 – Geographies Within UNCB’s assessment area.

Demographic Information for Full Scope Area: UNCB Combined AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	30	0.00	3.33	86.67	10.00	0.00
Population by Geography	144,283	0.00	1.37	86.56	12.07	0.00
Owner-Occupied Housing by Geography	38,850	0.00	0.99	86.53	12.48	0.00
Business by Geography	9,931	0.00	1.18	80.36	18.46	0.00
Farms by Geography	687	0.00	0.15	94.47	5.39	0.00
Family Distribution by Income Level	40,269	12.16	17.39	30.10	40.36	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,897	0.00	2.61	88.46	8.94	0.00
Median Family Income		37,737	Median Housing Value		88,435	
HUD Adjusted Median Family Income for 2002		54,030	Unemployment Rate (1990 US Census)		1.59%	
Households Below Poverty Level		4.83%				

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

Source: 1990 US Census and 2002 HUD updated MFI

UNCB’s assessment area includes parts of three MSAs: MSA 4000 – Lancaster (Lancaster County); MSA 3240 – Harrisburg-Lebanon-Carlisle (Lebanon County); and MSA 9280 – York (York County). The assessment area contains a total of 30 census tracts. Most tracts (25) are in northwestern Lancaster County, with the remaining tracts in the southern portion of Lebanon County (3) and eastern portion of York County (2). Within its assessment area, UNCB is ranked 3rd for market share of deposits and has 11.8% of total deposits. UNCB operates seven full service banking facilities all equipped with ATMs, plus three additional remote ATMs. Banking competition is heavy for both loans and deposits in the assessment area. Competition within the assessment area exists from both larger regional institutions and community banks. Major competitors are: Farmers First Bank ranked 1st in deposit share with 20.8% share and eleven branches; Fulton Bank ranked 2nd in deposit share with 19.5% and ten branches; and First Union ranked 4th in deposit share with 10.2% and six branches.

The bank offers a traditional line of banking products for both loans and deposits. Economic conditions within UNCB’s market area are deemed stable, and unemployment rates within the assessment area remain well below state and national averages. Major employers include Lancaster General Hospital, R.R. Donnelley and Sons, Armstrong Holdings, the Manheim Auto Auction, the County of Lancaster, and numerous local school districts and colleges / universities.

We determined through our community contact and our internal research that opportunities for community development lending, investments, and services exist within the assessment area, but are somewhat limited given the lack of a material amount of low- or moderate-income geographies. Also, there is strong competition for existing opportunities from other institutions operating in the area.

During our examination, we contacted one community group. Our contact was a local non-profit entity, responsible for affordable housing programs and economic development. Our discussion occurred via the telephone and provided us with detailed and informative data regarding credit needs of the community, as well as general information regarding housing. During the discussion, we verified that there is a lack of housing available in the lower price ranges making home ownership difficult for low- and moderate-income individuals. In turn, a primary credit need centers around providing these individuals with affordable mortgages. Though, this is most prevalent outside of UNCB's assessment area within the city of Lancaster.

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this 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. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not

available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 14. 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: UNCB						Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002				% of Rated Area Deposits in MA/AA ^{***}
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ^{**}		Total Reported Loans		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
UNCB Combined AA	84.72	595	35,676	494	41,229	53	4,410	1	750	1,143	82,065	100.00

* Loan Data as of June 30, 2002. Rated area refers to UNCB's entire assessment area.

** The evaluation period for Community Development Loans is from September 14, 1999 to October 17, 2002.

*** Deposit Data as of June 30, 2001. Rated Area refers to the Lancaster MSA 4000 only.

Table 1. Other Products

LENDING VOLUME		Geography: UNCB						Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002						% of Rated Area Deposits in AA ^{***}
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans ^{**}		Small Business Real Estate Secured ^{**}		Home Equity ^{**}		Motor Vehicle ^{**}		Credit Card ^{**}		Other Secured Consumer ^{**}		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
UNCB Combined AA	84.72	0	0	0	0	0	0	0	0	0	0	0	0	100.00

* Loan Data as of June 30, 2002. Rated area refers to UNCB's entire assessment area.

** The evaluation period for Optional Product Line(s) is From January 01, 2000 to June 30, 2002.

*** Deposit Data as of June 30, 2001. Rated Area refers to the Lancaster MSA 4000 only.

Table 1. Other Products

LENDING VOLUME		Geography: UNCB		Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002	
MA/Assessment Area (2002):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
UNCB Combined AA	0	0	0	0	0

* The evaluation period for Optional Product Line(s) is From January 01, 2000 to June 30, 2002.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: UNCB				Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					Market Share (%) by Geography				
MA/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**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
UNCB Combined AA	111	100.00	0.00	0.00	0.99	2.70	86.53	95.50	12.48	1.80	0.84	0.0	0.00	0.99	0.0

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: UNCB						Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% 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:															
UNCB Combined AA	275	100.00	0.00	0.00	0.99	0.00	86.53	97.09	12.48	2.91	9.98	0.00	0.00	11.3	0.0

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: UNCB						Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% 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:															
UNCB Combined AA	204	100.00	0.00	0.00	0.99	0.98	86.53	97.55	12.48	1.47	1.76	0.00	0.00	1.99	0.32

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: UNCB						Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002							
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography [*]				
	#	% of Total ^{**}	% of MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	Over-all	Low	Mod	Mid	Upp
Full Review:															
UNCB Combined AA	5	100.00	0.00	0.00	2.58	20.00	66.38	80.00	31.04	0.00	25.0	0.0	50.0	23.08	0.0

^{*} Based on 2001 Peer Mortgage Data: Northeast Region.

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

^{***} Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: UNCB		Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography							
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Over-all	Low	Mod	Mid	Upp			
Full Review:																		
UNCB Combined AA	494	100.00	0.00	0.00	1.18	1.01	80.36	92.31	18.46	6.68	0.95	0.25	0.51	1.04	1.16			

* Based on 2001 Peer Small Business Data: US&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 (2002).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: UNCB								Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Over-all	Low	Mod	Mid	Upp
Full Review:															
UNCB Combined AA	53	100.00	0.00	0.00	0.15	0.00	94.47	100.00	5.39	0.00	0.45	0.00	0.00	0.45	0.0

* Based on 2001 Peer Small Business Data: US&PR.

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

*** Source Data - Dun and Bradstreet (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: UNCB								Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over-all	Low	Mod	Mid	Upp
Full Review:															
UNCB Combined AA	111	100.0	12.16	3.60	17.39	22.52	30.10	26.13	40.36	47.75	1.02	0.59	0.70	1.39	0.95

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by UNCB.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: UNCB								Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over-all	Low	Mod	Mid	Upp
Full Review:															
UNCB Combined AA	275	100.00	12.16	7.66	17.39	21.53	30.10	32.48	40.36	38.32	10.31	11.29	14.5	10.93	8.43

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 0.36% of loans originated and purchased by UNCB.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: UNCB								Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over-all	Low	Mod	Mid	Upp
Full Review:															
UNCB Combined AA	204	100.00	12.16	5.42	17.39	11.33	30.10	32.51	40.36	50.74	2.29	2.53	1.52	2.56	2.36

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 0.49% of loans originated and purchased by UNCB.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: UNCB			Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total	% of Businesses	% 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:									
UNCB Combined AA	494	100.00	63.61	79.55	77.73	14.78	7.49	0.95	1.65

* Based on 2001 Peer Small Business Data: US&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 - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by UNCB.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS				Geography: UNCB			Evaluation Period: JANUARY 1, 2000 TO JUNE 30, 2002		
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total	% of Farms	% BANK Loans	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less
Full Review:									
UNCB Combined AA	53	100.00	91.99	92.45	75.47	16.98	7.55	0.45	0.50

* Based on 2001 Peer Small Business Data: US&PR.

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

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

**** 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 0.00% of small loans to farms originated and purchased by UNCB.

Table 13. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: UNCB									
Evaluation Period: SEPTEMBER 14, 1999 TO OCTOBER 17, 2002									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
UNCB Combined AA	2	662	8	3	10	665	100.00	0	0

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

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

Table 14. Distribution of Branch Delivery System and Branch Openings/Closings

Distribution of Branch Delivery System and Branch Openings/Closings Geography: UNCB Evaluation Period: SEPTEMBER 14, 1999 TO OCTOBER 17, 2002																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
UNCB Combined AA	3.54	7	100.00	0.00	14.28	85.72	0.00	1	0	0	0	+1	0	0.00	1.37	86.56	12.07

