



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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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

**Northern Pennsylvania Field Office
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Wilkes-Barre, PA 18702**

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 **Outstanding**.

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

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

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

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to community credit needs;
- A high percentage of home mortgage loans and small loans to businesses are originated within the assessment area;
- The distribution of home mortgage loans by income level of the geography is good;
- The distribution of home mortgage loans by income level of the borrower is excellent ;
- The bank’s community development lending had a positive impact on the lending test rating;
- Product flexibility had a positive impact on the lending test rating;
- DNB made a good level of qualified community development investments, donations, and grants;
- Service delivery systems are accessible to individuals of different income levels in the assessment area;
- DNB provides a good level of community development services.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

FNB Bank, N. A. (FNB) is, as of December 31, 2006, a \$304 million institution headquartered in Danville, Pennsylvania. FNB is an intrastate bank offering a standard array of traditional loan and deposit products. FNB is a wholly owned subsidiary of Fulton Financial Corporation (FFC), a \$14.7 billion bank holding company formed in 1982 and headquartered in Lancaster, Pennsylvania. FFC has twelve affiliate banks in Pennsylvania, Maryland, Delaware, Virginia, and New Jersey. FFC's non-banking subsidiaries include Fulton Financial Advisors, N.A., Deardon, Maguire, Weaver, and Barrett, LLC, Fulton Insurance Services Group, Inc. and Central Pennsylvania Financial Corporation (CPFC). 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, we considered the investment activities done through CPFC on behalf of and for FNB. There are no operating subsidiaries of FNB.

FNB has eight full service branches and in Montour, Northumberland, Columbia and Lycoming counties in Pennsylvania. Seven of the branches have drive-through facilities and automated teller machines (ATMs). All eight branches offer extended Friday hours and Saturday hours. There were no branches opened or closed, and there were no mergers or acquisitions since the last evaluation.

As of December 31, 2006, FNB had net loans of \$237 million or 78% of total assets and net tier one capital of \$20 million. The composition of the loan portfolio consists of: residential real estate loans at 51%, consumer loans at 26%, commercial real estate at 12%, state, political, and other loans at 5%, commercial and industrial loans at 4%, and construction and development loans at 2%.

Competition primarily comes from branches of regional financial institutions. Based on the June 30, 2006 deposit market share report, the bank's major competitors are First National Bank of Berwick (11.75% market share, 6 offices), Manufacturers and Traders Trust Company (10.99% market share, 9 offices), Susquehanna Bank (9.83% market share, 6 offices), and First Columbia Bank and Trust Company (9.37% market share, 9 offices).

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 as of January 21, 2003, and the bank was assigned an overall rating of "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of community development loans, is based on two distinct time periods: January 1, 2003 through December 31, 2003 (2003 Evaluation Period) and January 1, 2004 through December 31, 2006 (2004 - 2006 Evaluation Period). Both the 2003 Evaluation Period and the 2004 - 2006 Evaluation Period use the Census 2000 demographic information. However, the 2004 - 2006 Evaluation Period is evaluated using the revised Metropolitan Statistical Area (MSA) boundaries as defined by the U.S. Office of Management and Budget (OMB). Due to the significant changes in the boundaries and in the demographic information between the two time periods, the loan data was analyzed separately.

Conclusions regarding the bank's lending performance are based on small business and home mortgage reportable loans from January 1, 2003 through December 31, 2006. There were a minimal number of agricultural loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. Similarly, there were a minimal number of multifamily loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. The Lending Tables for both small loans to farms and multifamily loans have been eliminated.

For the Community Development (CD) Loans, Investments, and Services, the evaluation period is January 21, 2003 through July 9, 2007. The Community Development Lending Test included a review of loans made in the bank's assessment area that meet the definition of community development. The Investment Test included a review of investments, grants and donations made in the bank's assessment area that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at July 9, 2007 were given appropriate consideration. The Service Test included a review of retail and community development services in the bank's AA.

Data Integrity

DNB's publicly filed information for Home Mortgage Disclosure Act (HMDA) reportable loans and small loans to businesses were tested for accuracy. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA evaluation.

Community Development (CD) loans, investments and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

Selection of Areas for Full-Scope Review

For the 2003 Evaluation Period, we conducted a full-scope review of the Northumberland and Montour Counties – Non-MSA AA, and the Columbia County – MSA 7560 AA because a majority of the bank's deposits, loans, and branches were located in these counties.

As a result of the OMB changes mentioned earlier, Columbia County was reassigned to a Non-MSA. Therefore, we conducted a full-scope review of the Northumberland, Montour, and

Columbia Counties – Non-MSA AA for the 2004-2006 Evaluation Period because a majority of the bank's deposits, loans, and branches are located in these Non-MSA counties.

The Lycoming County AA was selected for a limited scope review. During the 2003 Evaluation Period, only 18% of the bank's lending and 5% of the bank's deposits were in this AA. During the 2004-2006 Evaluation Period, approximately 14% of the bank's lending and 4% of the bank's deposits were in this AA.

In 2004, FNB expanded its assessment area to include two census tracts in Luzerne County, creating a new Luzerne County AA. Because the bank is new to this assessment area, the lending activity is nominal with only 3% of the bank's total lending done in this AA, FNB does not have a deposit market share in this AA, and there are no branches in this AA, an analysis would not be meaningful and was not performed for the lending, investment or service tests.

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

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. The Lending Test was more heavily weighted than the Investment Test or the Service Test. For the Lending Test, FNB's home mortgage loans received more weight than its small loans to businesses. In addition, the 2004-2006 Evaluation Period was more heavily weighted than the 2003 Evaluation Period.

For the 2003 Evaluation Period, the Northumberland/Montour Counties – Non-MSA AA was weighted more heavily than the Columbia County – MSA 7560 AA. During the 2003 Evaluation Period, approximately 91% of the loans originated in the Northumberland/Montour – Non-MSA AA were home mortgage loans, with small business loans accounting for the remaining 9%, and approximately 94% of the loans originated in the Columbia County – MSA 7560 AA were home mortgage loans, with small business loans accounting for the remaining 6%. In regards to home mortgage lending, we placed more weight on home refinance mortgages in our analysis, given 57% of all home mortgage loan originations in the Northumberland/Montour – Non-MSA AA were home refinance loans and 58% of all home mortgage loan originations in the Columbia County – MSA 7560 AA were home refinance loans.

During the 2004-2006 Evaluation Period, approximately 88% of the loans originated in the Northumberland/Montour/Columbia – Non-MSA AA were home mortgage loans, with small business loans accounting for the remaining 12%. In regards to home mortgage lending, we placed more weight on home purchase mortgages in our analysis, given 48% of all home mortgage loan originations in the Northumberland/Montour/Columbia – Non-MSA AA were home purchase loans.

Other

During the examination, we contacted four community organizations whose primary missions included economic development and housing development. Based on our community contacts, we determined that affordable housing for low- and moderate-income individuals,

especially the elderly, is the primary credit need for the local communities. In addition, new businesses and newly established businesses are in need of small business loans. Our community contacts indicated that opportunities for community development lending, investments, and services are limited. Two of our contacts specifically named FNB as a leader in meeting the affordable housing needs of the community, and the economic development contact indicated the larger financial institutions dominate the small business lending market.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Outstanding." Based on full-scope reviews, the bank's performance in the 2003 Northumberland/Montour Counties – Non-MSA, the 2003 Columbia County – MSA 7560, and the 2004-2006 Northumberland/Montour/Columbia County – Non-MSA is excellent.

Lending Activity

FNB's overall lending activity is excellent.

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

2003 Evaluation Period – Northumberland/Montour Counties – Non-MSA

FNB's lending activity was excellent in this AA, and reflected an excellent responsiveness to the credit needs of the community when considering the level of competition from larger local lenders.

FNB had five branches in the AA and 77% of the total deposits were in the AA. As of June 30, 2003, FNB had a 12.87% deposit market share, ranking it 3rd among 18 institutions in the market. Major competitors are: Manufacturers and Traders Trust Company (16.05% market share, 5 office), Susquehanna Bank and Trust (15.59% market share, 6 offices), Northumberland National Bank (10.09% market share, 2 offices), and Sun Bank (8.48% market share, 4 offices). FNB's lending market share is compared to FNB's deposit market share within this AA.

For the 2003 Evaluation Period, approximately 51% of the bank's lending was done in this AA. Of the total loans originated in this AA, 91% of the loans were home mortgage loans and 9% were small loans to businesses. Among home mortgage originations, 28% were home purchase loans, 15% were home improvement loans, and 57% were home refinance loans.

The 2003 market share data for all mortgage data indicates FNB ranked 1st out of 167 mortgage lenders with a market share of 17.53%. Based on the same 2003 market share data, FNB ranked 1st out of 97 lenders in the AA with a 19.56% market share in home purchase lending, 1st out of 31 lenders in the AA with a 23.65% market share in home improvement lending, and 1st out of 141 lenders in the AA with a 15.70% market share in home refinance lending.

Based on the 2003 CRA aggregating data, FNB ranked 9th out of 39 lenders in the AA with a market share of 2.76%. The performance is good when considering the top three are large,

nationwide lenders have a combined market share of 52% and offer small business credit cards.

2003 Evaluation Period – Columbia County – MSA 7560

FNB's lending activity was excellent in this AA, and reflected an excellent responsiveness to the credit needs of the community when considering the level of competition from larger, local lenders.

FNB had two branches in the AA and 18% of the total deposits were in the AA. As of June 30, 2003, FNB had a 4.50% deposit market share, ranking it 7th among 9 institutions in the market. Major competitors are: First National Bank of Berwick (26.58% market share, 5 offices), First Columbia Bank and Trust (21.85% market share, 8 offices), Columbia County Farmers National Bank (20.22% market share, 6 offices), PNC Bank, National Association (10.44% market share, 4 offices), Manufacturers and Traders Trust Company (7% market share, 5 offices), and First Federal Bank (5.34% market share, 2 offices). FNB's lending market share is compared to FNB's deposit market share within this AA.

For the 2003 Evaluation Period, approximately 31% of the bank's lending was done in this AA. Of the total loans originated in this AA, 94% of the loans were home mortgage loans and 6% were small loans to businesses. Among home mortgage originations, 27% were home purchase loans, 15% were home improvement loans, and 58% were home refinance loans.

The 2003 market share data for all mortgage data indicates FNB ranked 1st out of 183 mortgage lenders with a market share of 10.04%. Based on the same 2003 market share data, FNB ranked 1st out of 96 lenders in the AA with a 10.94% market share in home purchase lending, 5th out of 34 lenders in the AA with an 11.95% market share in home improvement lending, and 2nd out of 146 lenders in the AA with a 9.29% market share in home refinance lending.

Based on the 2003 CRA aggregating data, FNB ranked 12th out of 38 lenders in the AA with a market share of 1.42%. The market share for small loans to businesses is dominated by larger institutions. The top three lenders are large, nationwide lenders who have a combined market share of approximately 58%.

2004-2006 Evaluation Period – Northumberland/Montour/Columbia County – Non-MSA

FNB's lending activity is excellent in this AA, and reflects an excellent responsiveness to the credit needs of the community when considering the level of competition from larger, local lenders.

FNB has seven branches in the AA and 96% of the total deposits were in this AA. As of June 30, 2006, FNB had a 9.16% deposit market share, ranking it 5th among 21 institutions in the market. Major competitors are: First National Bank of Berwick (11.75% market share, 6 offices), Manufacturers and Traders Trust Company (10.99% market share, 9 offices), Susquehanna Bank (9.83% market share, 6 offices), and First Columbia Bank and Trust (9.37% market share, 9 offices). FNB's lending market share is compared to FNB's deposit market share within this AA.

For the 2004-2006 Evaluation Period, approximately 83% of the bank's lending was done in this AA. Of the total loans originated in this AA, 88% of the loans were home mortgage loans and 12% were small loans to businesses. Among home mortgage originations, 48% were home purchase loans, 25% were home improvement loans, and 27% were home refinance loans.

The 2005 market share data for all mortgage data indicates FNB ranked 1st out of 244 mortgage lenders with a market share of 12.76%. Based on the same 2005 market share data, FNB ranked 1st out of 164 lenders in the AA with a 16.11% market share in home purchase lending, 1st out of 68 lenders in the AA with a 19.16% market share in home improvement lending, and 1st out of 181 lenders in the AA with a 7.77% market share in home refinance lending.

Based on the 2005 CRA aggregating data, FNB ranked 12th out of 41 lenders in the AA with a market share of 2.02%. This performance is good when considering the market for small loans to businesses is dominated by larger institutions, and the top 4 lenders have a combined market share of approximately 59%.

Distribution of Loans by Income Level of the Geography

The overall distribution of home mortgage loans by income level of the geography is good, and the overall distribution of small loans to businesses is adequate.

2003 Evaluation Period – Northumberland/Montour Counties – Non-MSA

The geographic distribution of home mortgage loans is good, and the geographic distribution of small loans to businesses is adequate when considering the limited lending opportunities and the competition from other financial institutions.

There were no low-income geographies in this AA; therefore, the distribution of loans among low-income geographies did not apply and was not performed. There were only three moderate-income geographies in this AA. Furthermore, only 2,868 owner-occupied housing units are located in these three moderate-income geographies, and only 544 businesses are located in these three moderate-income geographies. As a result, FNB's opportunities to lend in moderate-income tracts are limited, especially when considering the competition from other financial institutions.

Home Mortgage Loans

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

Home Purchase Lending

The geographic distribution of home purchase lending is good. The percentage of home purchase loans made in moderate-income geographies is lower than the percentage of owner-occupied housing units. FNB's market share in moderate-income geographies is lower than its overall market share. This performance is good considering FNB's market share of 11.70% in home purchase lending in moderate-income geographies ranks them 3rd out of 37 institutions

in the AA, and the two institutions ranked above FNB also have an 11.70% market share and are larger financial institutions.

Home Improvement Lending

The geographic distribution of home improvement lending is good. The percentage of home improvement loans made in moderate-income geographies is near to the percentage of owner-occupied housing units. FNB’s market share of home improvement loans in moderate-income geographies is lower than its overall market share. This performance is good considering FNB’s market share of 17.02% in home improvement lending in moderate-income geographies ranks them 3rd out of 11 institutions in the AA, and the two institutions ranked above FNB are larger financial institutions that have a combined market share of 57%.

Home Refinance Lending

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in moderate-income geographies is near to the percentage of owner-occupied housing units. FNB’s market share of home refinance loans in moderate-income geographies is near to its overall market share. This performance is excellent considering FNB’s market share of 14.56% in home refinance lending in moderate-income geographies ranks them 2nd out of 38 institutions, and the institution ranked 1st is a larger financial institution.

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 small loans to businesses in moderate-income geographies is significantly lower than the percentage of businesses in moderate-income geographies. FNB’s market share of small loans to businesses in moderate-income geographies is lower than its overall market share. This performance is considered adequate when taking into consideration there are only 544 businesses located in moderate-income geographies, and FNB is in competition with large, nationwide lenders.

2003 Evaluation Period – Columbia County – MSA 7560

The geographic distribution of home mortgage loans and small loans to businesses is adequate when considering the limited lending opportunities and the competition from other financial institutions.

There were no low-income geographies in this AA; therefore, the distribution of loans among low-income geographies did not apply and was not performed. There were only two moderate-income geographies in this AA. Furthermore, only 2,796 owner-occupied housing units are located in these two moderate-income geographies. As a result, FNB’s opportunities to lend in moderate-income tracts are limited, especially when considering the competition from other financial institutions.

Home Mortgage Loans

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

Home Purchase Lending

The geographic distribution of home purchase lending is adequate. The percentage of home purchase loans made in moderate-income geographies is lower than the percentage of owner-occupied housing units. FNB's market share in moderate-income geographies is lower than its overall market share. This performance is adequate considering FNB's market share of 4.40% in home purchase lending in moderate-income geographies ranks them 5th out of 45 institutions in the AA, and the institutions ranked above FNB are larger financial institutions.

Home Improvement Lending

The geographic distribution of home improvement lending is good. The percentage of home improvement loans made in moderate-income geographies is near to the percentage of owner-occupied housing units. FNB's market share of home improvement loans in moderate-income geographies is near to its overall market share. This performance is good considering FNB's market share of 9.46% in home improvement lending in moderate-income geographies ranks them 5th out of 18 institutions in the AA.

Home Refinance Lending

The geographic distribution of home refinance lending is adequate. The percentage of home refinance loans made in moderate-income geographies is lower than the percentage of owner-occupied housing units. FNB's market share of home refinance loans in moderate-income geographies is lower than its overall market share. This performance is adequate considering FNB's market share of 4.97% in home refinance lending in moderate-income geographies ranks them 5th out of 67 institutions, and the institutions ranked above FNB are larger financial institutions.

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 small loans to businesses in moderate-income geographies is significantly lower than the percentage of businesses in moderate-income geographies. FNB's market share of small loans to businesses in moderate-income geographies is lower than its overall market share. This performance is considered adequate when taking into consideration there are limited opportunities to lend to businesses located in moderate-income geographies, and FNB is in competition with large, nationwide lenders who offer small business credit cards.

2004-2006 Evaluation Period – Northumberland/Montour/Columbia County – Non-MSA

The overall geographic distribution of home mortgage loans is excellent, and the geographic distribution of small loans to businesses is good when considering the limited lending opportunities and the competition from other financial institutions.

There were no low-income geographies in this AA; therefore, the distribution of loans among low-income geographies did not apply and was not performed. There were only four

moderate-income geographies in this AA. Furthermore, only 4,196 owner-occupied housing units are located in these four moderate-income geographies. As a result, FNB's opportunities to lend in moderate-income tracts are limited, especially when considering the competition from other financial institutions.

Home Mortgage Loans

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

Home Purchase Lending

The geographic distribution of home purchase lending is excellent. The percentage of home purchase loans made in moderate-income geographies is near to the percentage of owner-occupied housing units. FNB's market share in moderate-income geographies is somewhat lower than its overall market share. This performance is excellent considering FNB's market share of 10.99% in home purchase lending in moderate-income geographies ranks them 1st out of 58 institutions in the AA.

Home Improvement Lending

The geographic distribution of home improvement lending is good. The percentage of home improvement loans made in moderate-income geographies is near to the percentage of owner-occupied housing units. FNB's market share of home improvement loans in moderate-income geographies is lower than its overall market share. This performance is good considering FNB's market share of 7.26% in home improvement lending in moderate-income geographies ranks them 6th out of 31 institutions in the AA, and the institutions ranked above FNB are larger financial institutions.

Home Refinance Lending

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in moderate-income geographies is near to the percentage of owner-occupied housing units. FNB's market share of home refinance loans in moderate-income geographies is near to its overall market share. This performance is excellent considering FNB's market share of 6.49% in home refinance lending in moderate-income geographies ranks them 2nd out of 77 institutions.

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 good. The percentage of small loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses in moderate-income geographies. FNB's market share of small loans to businesses in moderate-income geographies is near to its overall market share. This performance is considered good when taking into consideration there are limited opportunities to lend to businesses located in moderate-income geographies, and FNB is in competition with large, nationwide lenders.

Lending Gap Analysis

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

Inside/Outside Ratio

FNB originates a high percentage of loans in their combined assessment areas. During the evaluation period, 88% of the number and 86% of the dollar amount of total home mortgage and small loans to businesses were within the bank's assessment area. For all home mortgage products, 89% of the number and 86% of the dollar amount were within the bank's assessment area. The number and dollar amount of home mortgage loans originated in the assessment area during the evaluation period by product type are as follows: 85% of the number and 84% of the dollar amount of home purchase loans, 93% of the number and 93% of the dollar amount of home improvement loans, and 90% of the number and 89% of the dollar amount of home refinance loans. Regarding small loans to businesses, 85% of the number and 84% of the dollar amount of total originations were within the assessment area.

Distribution of Loans by Income Level of the Borrower

The overall distribution of home mortgage loans by income level of the borrower is excellent, and the overall distribution of small loans to businesses is good.

2003 Evaluation Period – Northumberland/Montour Counties – Non-MSA

FNB's distribution of home mortgage loans by borrower income level is excellent, given the strong competition from a large number of institutions competing for business in the AA and the affordability of home ownership for a low- or moderate-income family. FNB's distribution of small business loans is good when considering the strong competition from larger financial institutions.

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.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in this AA was \$65,540, and a low-income family earns less than \$23,700. Additionally, 12% of the households in this AA are below the poverty level and considered very low-income. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families; therefore, we placed more emphasis on the moderate-income performance.

Home Purchase Lending

The borrower distribution for home purchase lending is excellent. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. While FNB's market share to low-income borrowers is somewhat lower than its overall market share, FNB's performance is excellent when considering FNB ranks 1st out of 26 lenders in lending to low-

income borrowers. FNB's market share to moderate-income borrowers exceeds its overall market share, and ranks them 1st out of 44 lenders in lending to moderate-income borrowers. FNB is dominating the market in home purchase lending to moderate-income borrowers.

Home Improvement Lending

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNB's market share to both low- and moderate-income borrowers exceeds its overall market share. FNB ranks 2nd out of 13 lenders in lending to low-income borrowers, and FNB ranks 1st out of 18 lenders in lending to moderate-income borrowers.

Home Refinance Lending

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. FNB's market share to low-income borrowers exceeds its overall market share, and ranks them 1st out of 30 lenders in lending to low-income borrowers. Furthermore, FNB's market share position far exceeds the other financial institutions in lending to low-income borrowers. FNB's market share to moderate-income borrowers was near to its overall market share and ranks FNB 2nd out of 38 lenders in lending to moderate-income borrowers.

Small Loans to Businesses

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

The borrower distribution of small loans to businesses is good, especially when considering the strong competition from larger, nationwide lenders that offer small business credit cards, and the top three lenders account for almost 50% of the market share in this AA.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is lower than the percentage of businesses in the AA. FNB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that approximately 87% of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

2003 Evaluation Period – Columbia County – MSA 7560

FNB's distribution of home mortgage loans by borrower income level is excellent, given the strong competition from a large number of institutions competing for business in the AA and the affordability of home ownership for a low- or moderate-income family. FNB's distribution of small business loans is adequate when considering the strong competition from larger financial institutions.

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.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in this AA was \$87,127, and a low-income family earns less than \$25,300. Additionally, 12% of the households in this AA are below the poverty level and considered very low-income. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families; therefore, we placed more emphasis on the moderate-income performance.

Home Purchase Lending

The borrower distribution for home purchase lending is excellent. The percentage of home purchase loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNB's market share to both low- and moderate-income borrowers exceeds its overall market share. FNB ranked 2nd out of 30 lenders in lending to low-income borrowers, and FNB ranked 1st out of 37 lenders in lending to moderate-income borrowers.

Home Improvement Lending

The borrower distribution for home improvement lending is good. The percentage of home improvement loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNB's market share to low-income borrowers is significantly lower than its overall market share, and FNB's market share to moderate-income borrowers exceeds its overall market share.

Home Refinance Lending

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNB's market share to both low- and moderate-income borrowers exceeds its overall market share. FNB ranked 2nd out of 46 lenders in lending to low-income borrowers in the AA, and 1st out of 78 lenders in lending to moderate-income borrowers in the AA. This performance is excellent considering FNB is competing with larger institutions and has been able to obtain the highest market share in lending to moderate-income borrowers in this category.

Small Loans to Businesses

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

The borrower distribution of small loans to businesses is adequate, especially when considering the strong competition from larger, nationwide lenders that offer small business credit cards. There are three large nationwide lenders that dominate the market with a combined market share of almost 60%.

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is significantly lower than the percentage of businesses in the AA. FNB's market share of lending to small businesses exceeds its overall market share. The distribution

by size of loan shows that approximately 75% of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

2004-2006 Evaluation Period – Northumberland/Montour/Columbia County – Non-MSA

FNB's distribution of home mortgage loans by borrower income level is excellent, given the strong competition from a large number of institutions competing for business in the AA, and the affordability of home ownership for a low- or moderate-income family. FNB's distribution of small business loans is excellent.

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.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in this AA was \$75,331 and a low-income family earns less than \$25,300. Additionally, 12% of the households in this AA are below the poverty level and considered very low-income. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families; therefore, we placed more emphasis on the moderate-income performance.

Home Purchase Lending

The borrower distribution for home purchase lending is excellent. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA. The percentage of home purchase loans to moderate-income borrowers is equal to the percentage of moderate-income families in the AA. FNB's market share to low-income borrowers exceeds its overall market share. FNB's 20.47% market share ranks them 1st out of 48 lenders in lending to low-income borrowers. FNB's market share to moderate-income borrowers is equal to its overall market share. FNB's 17.78% market share ranks them 1st out of 73 lenders in lending to moderate-income borrowers. According to the market share information, FNB is dominating the market in home purchase lending to both low- and moderate-income borrowers.

Home Improvement Lending

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans to both low- and moderate-income borrowers is near to the percentage of low- and moderate-income families in the AA. FNB's market share to low-income borrowers exceeds its overall market share. FNB's market share of 23.15% ranks them 1st out of 24 lenders in lending to low-income borrowers. Based on the market share information, FNB is dominating the market in lending to low-income borrowers in this category. FNB's market share to moderate-income borrowers is near to its overall market share. FNB's market share of 15.98% ranks them 1st out of 34 lenders in lending to moderate-income borrowers.

Home Refinance Lending

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. FNB's market share to both low- and moderate-income borrowers exceeds its overall market share. FNB

ranks 1st out of 61 lenders in lending to low-income borrowers, and FNB ranks 1st out of 89 lenders in lending to moderate-income borrowers.

Small Loans to Businesses

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

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders that offer small business credit cards.

The percentage of small loans to businesses (business with gross annual revenues of \$1 million or less) exceeds the percentage of businesses in the AA. FNB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that approximately 78% of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community development lending had a positive impact on the Lending Test rating. Based on our community contacts and our internal analysis, affordable housing for low- and moderate-income first time home buyers and affordable housing for the low- and moderate-income elderly are the primary credit needs of the assessment area. The community contacts also indicated there are limited opportunities for community development lending in this assessment.

During the evaluation period, FNB originated one community development loan in their assessment area. This loan was a \$350 thousand line of credit that was extended to a local non-profit organization whose primary purpose is to provide housing for low- and moderate-income people. The proceeds of the loan will be used to finance the acquisition and rehabilitation of residential real estate, which will then be sold to low- and moderate-income first time homebuyers. This loan helped to meet the identified community credit need of affordable housing for low- and moderate-income individuals and families.

In addition, FNB originated one community development loan just outside of their designated assessment area. FNB extended a \$24 thousand loan to a local housing development corporation. The proceeds of this loan were used to construct twenty-four apartments that are rented to low- and moderate-income elderly residents. The apartments are located in Northumberland County but are just outside of the bank's designated assessment area. FNB received credit for this community development loan because there are limited opportunities for community development lending in FNB's assessment area and because FNB helped to meet the needs of their own assessment area.

Product Innovation and Flexibility

Product flexibility had a positive impact on the Lending Test rating. During the Evaluation Period, FNB originated 93 loans for a total of \$6.6 million to low- and moderate-income individuals under their various flexible loan programs. As noted earlier in this performance evaluation, affordable housing is considered a primary credit need in the bank's assessment area. In order to help meet this credit need, FNB offers six different flexible loan programs, which are discussed below.

- The PHFA Keystone Plus loan provides below-market interest rates with no origination fees.
- The PHFA Keystone Plus Closing Cost Assistance loan provides a deferred payment, non-interest bearing loan of up to \$2,000 to help with closing costs or a down payment.
- The Guaranteed Rural Housing loan program provides a guaranteed 30 year fixed rate loan, up to 100% financing of the market value, and no down payment requirements.
- The Columbia County First Time Homebuyer Assistance loan program provides up to \$5,000 in closing cost or down payment assistance for individuals in Columbia County.
- The Northumberland County Eligible Homebuyer Assistance loan program provides up to \$3,500 in closing cost or down payment assistance for individuals in Northumberland County.
- The Shamokin Redevelopment Authority First Time Homebuyer loan program provides a non-interest bearing loan for up to 15% of the sales price to help with a down payment or closing costs, which is forgivable after 5 years. In addition, up to \$700.00 is available for closing costs.

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, MSA 48700 AA is weaker than the bank's overall "Outstanding" performance under the lending test. FNB's weaker performance is due to the lower level of lending activity, which is attributed to the bank's limited presence in this AA, the borrower distribution for home purchase, home improvement, and home refinance lending was not as strong, and the bank's market share position for lending to low- and moderate-income borrowers was not as strong. The weaker performance in the Lycoming County AA had minimal impact on the overall lending test conclusion.

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, the bank's performance in the Northumberland/Montour/Columbia County – Non MSA is good.

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

FNB has a significant level of qualified community development investments, grants, and donations that exhibit a good responsive to the identified credit needs of the assessment area.

Based on our community contacts and our internal analysis, the primary credit needs in the assessment area are affordable housing, especially for the elderly, and small business loans. According to our community contacts, there are limited investment opportunities available in the AA, and the local financial institutions have been meeting all of the credit needs of the assessment area.

During the Evaluation Period, FNB made one new qualified investment for a total of \$2.6 million in their assessment area. FNB funded \$1.3 million of this investment during the evaluation period, and \$1.3 million remains unfunded. The primary purpose of this investment is to construct twenty-four apartments for low- and moderate-income elderly residents. This investment is responsive to the affordable housing needs of the elderly and the apartments are being constructed in what has been designated a distressed middle-income geography. The investment is not considered complex or innovative.

In addition, FNB made 24 grants and donations for approximately \$17 thousand to four organizations that provide affordable housing and community services targeted to low- and moderate-income individuals.

During the evaluation period, FNB also made one new qualified investment for a total of \$409 thousand to a local housing development corporation. The primary purpose for this investment was to construct twenty-four apartments for low- and moderate-income elderly residents. The apartments are located just outside of the bank's designated assessment area. FNB received credit for this investment because there are limited opportunities for qualified investments in FNB's assessment area, and because the needs of their own assessment area are being met. This investment is reflected on the "Out of Assessment Area" line in Table 14.

Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the investment test in the Lycoming County, MSA 48700 AA is not inconsistent with the bank's overall "High Satisfactory" performance under the investment test. Refer to Table 14 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, the bank's performance in the Northumberland/Montour/Columbia County – Non MSA is good.

Retail Banking Services

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

FNB's service delivery systems are accessible to geographies and individuals of different income levels in the assessment area. FNB's current branch distribution in moderate-income geographies is lower than the distribution of the population living in these geographies. However, FNB did have one branch located in a moderate-income geography until the 2004 OMB changes were implemented. As a result of the 2004 OMB changes, the moderate-income geography was reclassified as a middle-income geography, and the branch is now located in a middle-income geography.

Currently, FNB has six branches located in middle-income geographies, and one branch located in an upper-income geography. Even though none of FNB's branches are located in moderate-income geographies, two of FNB's branches are located within close proximity to all four moderate-income geographies in the assessment area. FNB's Berwick office is within one to two miles of the moderate-income geography located in the Berwick area. The Shamokin office is located within one to two miles of the remaining three moderate-income geographies located in the Shamokin area. Furthermore, 76% of the low-income households and 75% of the moderate-income households reside in middle-income geographies. Since FNB has branches that are considered reasonably close to all of the moderate-income geographies and a majority of low- and moderate-income households reside in middle-income geographies, FNB's delivery systems are considered accessible to geographies and individuals of different income levels.

FNB's hours and services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income individuals and families. There are seven full service branches located in Montour, Northumberland, and Columbia counties, and all seven offices have extended Friday evening and Saturday morning hours. Six of the seven branches offer drive-through facilities and automated teller machines (ATMs). While the main office does not have a drive-through or an ATM, there is another branch within walking distance of the main office that provides drive-through and ATM services. All branches offer a full line of traditional banking products and services. There were no branches opened or closed during the evaluation period.

During the Evaluation Period, the Danville-Montour County Joint First Time Homebuyers Program Board, a program done through the Montour County Housing Authority, selected FNB

to fill the role of Treasurer. 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 the required first time homebuyer counseling programs, provides guidance when it comes to decisions regarding acquiring properties for rehabilitation and reselling the properties to low- and moderate-income first time home buyers, provides credit repair counseling, and provides checking account services.

FNB also provides alternative systems for delivering retail banking services to its community through full service Internet banking, telephone, and ATMs. Since FNB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on alternative delivery systems.

Community Development Services

FNB provides a good level of qualified community development services within its assessment area. Six bank employees provided financial and technical expertise to seven separate and qualified community development organizations. Their community development services focused on affordable housing and community services targeted to low- and moderate-income individuals and families. All of the services provided targeted the identified needs of the AA. The following details the community development services that were provided during the evaluation period:

- One officer provides financial and technical expertise by serving on the Board of Directors and another employee serves as the Treasurer of a local organization that promotes the revitalization of the Danville downtown business area, which is classified as a distressed middle-income geography.
- One employee is a budget counselor for a local organization whose primary purpose is to provide community services targeted to low- and moderate-income individuals and families.
- A bank employee provides financial and technical expertise by serving on the family selection committee for a non-profit organization that provides affordable housing for low- and moderate-income individuals and families.
- One officer provides financial counseling and homeownership education for a local housing agency that provides affordable housing to low-income individuals and families.
- A bank officer is the Treasurer for a local housing agency. This agency provides financial assistance to low- and moderate-income first time homebuyers and also assists low- and moderate-income families attain economic independence.
- One bank employee teaches homeownership classes to qualified low- and moderate-income individuals who are participating in a local home ownership training program.
- One bank employee provides financial expertise by serving on the Board of Directors and the Development Committee for a local non-profit organization. This organization accepts donations and uses the money for charitable work in the local area. A focus of

this organization is to provide community services to low- and moderate-income individuals.

- Two bank employees serve on the Finance Committee for a local non-profit organization whose primary purpose is community services targeted to low- and moderate-income individuals and families. These employees explore grant opportunities and perform monthly reviews of financial performance.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the service test in the Lycoming County, MSA 48700 is weaker than the bank's overall "High Satisfactory" performance under the service test. The weaker performance is a result of the minimal community development services being performed in this assessment area. The weaker performance in the Lycoming County AA had 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 non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/03 to 12/31/06 Investment and Service Tests and CD Loans: 01/21/03 to 07/09/07	
Financial Institution	Products Reviewed	
FNB Bank, N. A. (FNB) Danville, Pennsylvania	Home mortgage loans, small loans to businesses, community development loans, investments, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Central Pennsylvania Financial Corporation (CPFC)	Subsidiary of Fulton Financial Corporation	Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Northumberland/Montour County, Non-MSA-2003	Full Scope	2003: 2000 Census demographics
Columbia County, MSA 7560-2003	Full Scope	
Northumberland/Montour/Columbia County, Non-MSA- 2004-2006	Full Scope	2004-2006: 2000 Census and revised MSA boundaries
Lycoming County, MSA 9140-2003 and 48700-2004-2006	Limited Scope	
Luzerne County, MSA 42540 – 2004-2006	Not Applicable	

Appendix B: Market Profiles for Full-Scope Areas

2003 Evaluation Period: Northumberland/Montour County – Non-MSA 2003

Demographic Information for Full-Scope Area: Northumberland/Montour County – Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	19	0.00	15.79	68.42	15.79	0.00
Population by Geography	73,813	0.00	15.08	67.88	17.04	0.00
Owner-Occupied Housing by Geography	22,866	0.00	12.54	70.40	17.06	0.00
Businesses by Geography	3,601	0.00	15.11	68.31	16.58	0.00
Farms by Geography	191	0.00	2.62	66.49	30.89	0.00
Family Distribution by Income Level	19,709	18.41	20.37	24.71	36.51	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,643	0.00	17.51	71.06	11.44	0.00
Median Family Income = \$41,549 HUD Adjusted Median Family Income for 2003 = \$47,400 Households Below the Poverty Level =12%				Median Housing Value = \$65,540 Unemployment Rate- Northumberland = 5.9% Montour =4.1%		

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, 2003 HUD updated MFI, Unemployment rates as of December 2003.

The above chart reflects demographic information based on the 2000 Census information and the 2003 MSA boundaries. FNB's performance in 2003 is compared to this information.

FNB's assessment area includes all four census tracts in Montour County and fifteen of the twenty four census tracts in Northumberland County, for a total of nineteen census tracts. There are no low-income geographies (0%), 3 moderate-income geographies (16%), 13 middle-income geographies (68%), and 3 upper-income geographies (16%). The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the assessment area at 73,813. Within the assessment area, there were 19,709 families and 29,909 households. There were 33,410 housing units, of which, 68% were owner-occupied housing units, 21% were rental-occupied units, and 11% were vacant housing. The median housing cost was \$65,540.

The 2000 median income was \$41,549, and the updated Non-MSA median family income was \$47,400. Approximately 18% of the families are low-income, 20% are moderate-income, 25% are middle-income, and 37% are upper-income. Approximately 12% of households are below the poverty level.

According to the 2003 business demographics, there are a total of 3,601 businesses in the AA. Approximately 64% of the businesses reporting have revenues less than \$1 million, approximately 4% of businesses have revenue greater than \$1 million, and approximately 32% of the businesses did not report their revenues.

2003 Evaluation Period: Columbia County – MSA 7560

Demographic Information for Full-Scope Area: Columbia County – MSA 7560						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	15	0.00	13.33	80.00	6.67	0.00
Population by Geography	64,151	0.00	16.79	79.20	4.01	0.00
Owner-Occupied Housing by Geography	17,993	0.00	15.54	79.74	4.72	0.00
Businesses by Geography	3,842	0.00	25.87	67.39	6.74	0.00
Farms by Geography	250	0.00	12.80	85.60	1.60	0.00
Family Distribution by Income Level	16,703	18.31	20.69	25.91	35.10	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,514	0.00	23.00	74.59	2.41	0.00
Median Family Income HUD Adjusted Median Family Income for 2003 Households Below the Poverty Level	= \$43,606 = \$50,600 =12%	Median Housing Value = \$87,127 Unemployment Rate = 6.5%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, 2003 HUD updated MFI, Unemployment rate as of December 2003.

The above chart reflects demographic information based on the 2000 Census information and the 2003 MSA boundaries. FNB’s performance in 2003 is compared to this information.

FNB’s assessment area includes all of Columbia County, MSA 7560, and contains a total of 15 census tracts. There are no low-income geographies (0%), 2 moderate-income geographies (13%), 12 middle-income geographies (80%), and 1 upper-income geography (7%). The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the assessment area at 64,151. Within the assessment area, there were 16,703 families and 24,982 households. There were 27,733 housing units, of which, 65% were owner-occupied, 25% were rental-occupied, and 10% were vacant housing units. The median housing cost was \$87,127.

The 2000 median income was \$43,606, and the updated MSA median family income was \$50,600. Approximately 18% of the families are low-income, 21% are moderate-income, 26% are middle-income, and 35% are upper-income. Approximately 12% of households are below the poverty level.

According to the 2003 business demographics, there are a total of 3,842 businesses in the AA. Approximately 65% of the businesses reporting have revenues less than \$1 million, approximately 5% have revenues greater than \$1 million, and approximately 30% of the businesses did not report their revenues.

2004-2006 Evaluation Period: Northumberland/Montour/Columbia County – Non-MSA

Demographic Information for Full-Scope Area: Northumberland/Montour/Columbia County – Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	0.00	11.76	73.53	14.71	0.00
Population by Geography	137,964	0.00	12.23	73.66	14.11	0.00
Owner-Occupied Housing by Geography	40,859	0.00	10.27	74.56	15.17	0.00
Businesses by Geography	6,686	0.00	13.61	70.83	15.55	0.00
Farms by Geography	421	0.00	3.56	77.91	18.53	0.00
Family Distribution by Income Level	36,412	17.68	20.11	25.21	37.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,761	0.00	15.41	74.68	9.90	0.00
Median Family Income	= \$41,475	Median Housing Value = \$75,331 Unemployment Rate: Northumberland = 5.0% Montour = 3.7% Columbia = 5.0%				
HUD Adjusted Median Family Income for 2006	= \$50,600					
Households Below the Poverty Level	= 12%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, 2006 HUD updated MFI, Unemployment rate as of December 2006.

The above chart reflects demographic information based on the 2000 Census information, updated to reflect the new OMB MSA definitions and boundaries that became effective for 2004. As a result of the 2004 OMB changes, a moderate-income geography was reclassified as a middle-income geography. For the 2004-2006 Evaluation Period, FNB’s performance is compared to the above information.

FNB’s assessment area includes all four census tracts in Montour County, fifteen of the twenty-four census tracts in Northumberland County, and all fifteen census tracts in Columbia County. There are no low-income geographies (0%), 4 moderate-income geographies (12%), 25 middle-income geographies (74%), and 5 upper-income geographies (15%). FNB’s assessment area includes two middle-income geographies (9501.00 and 9503.00) in Montour County that have been designated as distressed or underserved by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency based on the rates of poverty, unemployment, and population loss. The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U. S. Census reported the total population of the assessment area at 137,964. Within the assessment area, there are 36,412 families and 54,891 households. There are 61,143 housing units, of which, 67% are owner-occupied, 23% are rental-occupied, and 10% are vacant housing units. The median housing cost is \$75,331.

The 2000 median income was \$41,475, and the updated MSA median family income was \$50,600. Approximately 18% of the families are low-income, 20% are moderate-income, 25%

are middle-income, and 37% are upper-income. Approximately 12% of households are below the poverty level.

According to the 2003 business demographics, there are a total of 6,686 businesses in the AA. Approximately 68% of the businesses reporting have revenues less than \$1 million, approximately 5% have revenues greater than \$1 million, and approximately 27% of the businesses did not report their revenues.

As of June 30, 2006, FNB had a 9.16% deposit market share, ranking it 5th among 21 institutions in the market. Major competitors are: First National Bank of Berwick (11.75% market share, 6 offices), Manufacturers and Traders Trust Company (10.99% market share, 9 offices), Susquehanna Bank (9.83% market share, 6 offices), and First Columbia Bank and Trust (9.37% market share, 9 offices).

There are seven full service branches located in Montour, Northumberland, and Columbia counties, and all seven offices have extended Friday evening and Saturday morning hours. Six of the seven branches offer drive-through facilities and automated teller machines (ATMs). While the main office does not have a drive-through or an ATM, there is another branch within walking distance of the main office that provides drive-through and ATM services. All branches offer a full line of traditional banking products and services. There were no branches opened or closed during the evaluation period.

The service and manufacturing industries have been the major industries in the assessment area. The largest employers in Northumberland County are Weis Markets, Inc., H. H. Knoebel Sons, Inc., and PA State Government, the largest employer in Montour County is Geisinger Health Systems, and the largest employers in Columbia County are Bloomsburg University, Wise Foods, Inc., and CHS Berwick Hospital Corp.

According to the Bureau of Labor Statistics, the December 2006 unemployment rate was 5.0% for Columbia County, 3.7% for Montour County, and 5.0% for Northumberland County. The state unemployment rate was 4.7% while the national unemployment rate was 4.5%.

During the examination, we contacted four community organizations whose primary missions included economic development and housing development. Based on our community contacts, we determined that affordable housing for low- and moderate-income individuals, especially the elderly, is the primary credit need for the local communities. In addition, new businesses and newly established businesses are in need of small business loans. Our community contacts indicated that opportunities for community development lending, investments, and services exist but are limited. Two of our contacts specifically named FNB as a leader in meeting the affordable housing needs of the community, and the economic development contact indicated the larger financial institutions dominate the small business lending market.

Appendix C: Tables of Performance Data

Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume-2003 Evaluation Period

LENDING VOLUME												
Geography: FNB												
Evaluation Period: 01/01/03 to 12/31/03												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Northumberland/Montour Counties Non-MSA	51.03	540	39,004	52	3,579	3	80	0	0	595	42,663	77%
Columbia County MSA	31.05	342	25,444	20	1,387	0	0	0	0	362	26,831	18%
Limited Review:												
Lycoming County MSA 9140	17.92	189	12,535	20	1,126	0	0	0	0	209	13,661	5%

* Loan Data as of December 31, 2003. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is 1/21/03 to 7/9/07.

*** Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans—2003 Evaluation Period

Geographic Distribution: HOME PURCHASE		Geography: FNB					Evaluation Period: 01/01/03 to 12/31/03					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:																
Northumberland/Montour Counties Non-MSA	151	55.51	0.00	0.00	12.54	7.28	70.40	50.99	17.06	41.72	19.56	0.00	11.70	15.84	32.81	
Columbia County MSA	92	33.82	0.00	0.00	15.54	7.61	79.74	83.70	4.72	8.70	10.94	0.00	4.40	12.50	12.12	
Limited Review:																
Lycoming County MSA 9140	29	10.66	0.00	0.00	12.14	10.34	81.92	89.66	5.94	0.00	2.07	0.00	1.20	2.48	0.00	

* Based on 2003 Peer Mortgage Data: Eastern Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans—2003 Evaluation Period

Geographic Distribution: HOME IMPROVEMENT															Geography: FNB		Evaluation Period: 01/01/03 to 12/31/03				
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:																					
Northumberland/Montour Counties Non-MSA	79	50.97	0.00	0.00	12.54	10.13	70.40	46.84	17.06	43.04	23.65	0.00	17.02	17.21	47.22						
Columbia County MSA	52	33.55	0.00	0.00	15.54	13.46	79.74	82.69	4.72	3.85	11.95	0.00	9.46	12.36	15.38						
Limited Review:																					
Lycoming County MSA 9140	24	15.48	0.00	0.00	12.14	20.83	81.92	79.17	5.94	0.00	5.36	0.00	7.35	5.22	0.00						

* Based on 2003 Peer Mortgage Data: Eastern Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans—2003 Evaluation Period

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: FNB Evaluation Period: 01/01/03 to 12/31/03				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% Owner Occ... Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Northumberland/Montour Counties Non-MSA	310	48.21	0.00	0.00	12.54	9.68	70.40	47.74	17.06	42.58	15.70	0.00	14.56	11.87	25.34	
Columbia County MSA	198	30.79	0.00	0.00	15.54	7.58	79.74	82.83	4.72	9.60	9.29	0.00	4.97	9.73	13.29	
Limited Review:																
Lycoming County MSA 9140	135	21.00	0.00	0.00	12.14	11.11	81.92	87.41	5.94	1.48	3.57	0.00	3.98	3.74	0.80	

* Based on 2003 Peer Mortgage Data: Eastern Region.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses—2003 Evaluation Period

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: FNB		Evaluation Period: 01/01/03 to 12/31/03		
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	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
Full Review:																
Northumberland /Montour Counties Non-MSA	52	56.52	0.00	0.00	15.11	3.85	68.31	44.23	16.58	51.92	2.76	0.00	0.82	2.28	11.16	
Columbia County MSA	20	21.74	0.00	0.00	25.87	10.00	67.39	70.00	6.74	20.00	1.42	0.00	0.76	1.52	3.51	
Limited Review:																
Lycoming County MSA 9140	20	21.74	0.00	0.00	34.00	30.00	61.39	55.00	4.62	15.00	0.70	0.00	0.98	0.58	2.14	

* Based on 2003 Peer Small Business Data: US.

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

*** Source Data - Dun and Bradstreet 2003.

Table 8. Borrower Distribution of Home Purchase Loans—2003 Evaluation Period

Borrower Distribution: HOME PURCHASE		Geography: FNB						Evaluation Period: 01/01/03 to 12/31/03							
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****	Overall	Low	Mod	Mid	Upp
Full Review:															
Northumberland/Montour Counties Non-MSA	151	55.51	18.41	7.38	20.37	30.87	24.71	25.50	36.51	36.24	22.26	15.94	25.84	20.43	22.82
Columbia County MSA	92	33.82	18.31	14.44	20.69	30.00	25.91	28.89	35.10	26.67	11.76	13.13	13.17	13.27	9.06
Limited Review:															
Lycoming County MSA 9140	29	10.66	16.87	10.71	19.91	14.29	24.37	57.14	38.84	17.86	2.31	2.24	1.34	4.48	1.28

* Based on 2003 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by Bank.

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

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

Table 9. Borrower Distribution of Home Improvement Loans—2003 Evaluation Period

Borrower Distribution: HOME IMPROVEMENT		Geography: FNB					Evaluation Period: 01/01/03 to 12/31/03					Market Share				
MA/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* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families***	% BANK Loans**						
Full Review:																
Northumberland/Montou Counties Non-MSA	79	50.97	18.41	14.10	20.37	28.21	24.71	17.95	36.51	39.74	23.56	25.00	26.83	16.67	25.62	
Columbia County MSA	52	33.55	18.31	1.96	20.69	29.41	25.91	35.29	35.10	33.33	11.81	1.67	13.89	14.17	12.41	
Limited Review:																
Lycoming County MSA 9140	24	15.48	16.87	29.17	19.91	25.00	24.37	25.00	38.84	20.83	5.50	14.29	6.59	5.04	2.82	

* Based on 2003 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 1.3% of loans originated and purchased by Bank.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans—2003 Evaluation Period

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: FNB					Evaluation Period: 01/01/03 to 12/31/03				
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**	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Northumberland/Montour Counties Non-MSA	310	48.21	18.41	9.48	20.37	16.34	24.71	28.43	36.51	45.75	17.84	25.44	16.29	16.96	17.93									
Columbia County MSA	198	30.79	18.31	8.85	20.69	27.08	25.91	29.17	35.10	34.90	10.20	11.18	12.53	9.96	8.89									
Limited Review:																								
Lycoming County MSA 9140	135	21.00	16.87	7.58	19.91	20.45	24.37	30.30	38.84	41.67	4.15	4.76	4.99	4.45	3.59									

* Based on 2003 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 2.0% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 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—2003 Evaluation Period

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: FNB		Evaluation Period: 01/01/03 to 12/31/03		
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:									
Northumberland/Montour Counties Non-MSA	52	56.52	64.40	55.77	86.54	9.62	3.85	2.76	4.26
Columbia County MSA	20	21.74	65.15	40.00	75.00	20.00	5.00	1.42	1.86
Limited Review:									
Lycoming County MSA 9140	20	21.74	62.10	60.00	85.00	10.00	5.00	0.70	0.83

* Based on 2003 Peer Small Business Data: US.

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

**** 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 30.43% of small loans to businesses originated and purchased by the Bank.

Table 1. Lending Volume—2004-2006 Evaluation Period

LENDING VOLUME		Geography: FNB				Evaluation Period: 1/1/04 to 12/31/06						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Northumberland/Montour/Columbia Counties – Non-MSA	83.34	1,922	137,378	252	20,185	12	684	1	350	2,187	158,597	96%
Limited Review:												
Lycoming County MSA 48700	13.69	290	22,095	69	4,515	0	0	0	0	359	26,610	4%
Luzerne County	2.97	75	4,395	3	154	0	0	0	0	78	4,549	0%
Out of Assessment Area								1	24	1	24	NA

* Loan Data as of December 31, 2006. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is 1/21/03 to 7/9/07

*** Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans—2004-2006 Evaluation Period

Geographic Distribution: HOME PURCHASE		Geography: FNB					Evaluation Period: 01/01/04 to 12/31/06					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:																
Northumberland/ Montour/Columbia Counties – Non-MSA	925	84.24	0.00	0.00	10.27	7.24	74.56	63.24	15.17	29.51	16.11	0.00	10.99	15.42	21.28	
Limited Review:																
Lycoming County MSA 48700	140	12.75	0.00	0.00	12.14	11.43	81.92	74.29	5.94	14.29	3.31	0.00	4.09	3.04	4.81	
Luzerne County	33	3.01	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	6.71	0.00	0.00	6.71	0.00	

* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans—2004-2006 Evaluation Period

Geographic Distribution: HOME IMPROVEMENT															Geography: FNB					Evaluation Period: 01/01/04 to 12/31/06										
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:																														
Northumberland/Montour/Columbia Counties – Non-MSA	477	86.26	0.00	0.00	10.27	8.60	74.56	67.09	15.17	24.32	19.16	0.00	7.26	18.44	35.00															
Limited Review:																														
Lycoming County MSA 48700	52	9.40	0.00	0.00	12.14	5.77	81.92	88.46	5.94	5.77	3.54	0.00	0.00	3.75	7.41															
Luzerne County	24	4.34	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	7.14	0.00	0.00	7.14	0.00															

^{*} Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans—2004-2006 Evaluation Period

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: FNB					Evaluation Period: 01/01/04 to 12/31/06				
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:																					
Northumberland/Montour/Columbia Counties – Non-MSA	511	81.76	0.00	0.00	10.27	8.41	74.56	60.86	15.17	30.72	7.77	0.00	6.49	6.20	14.81						
Limited Review:																					
Lycoming County MSA 48700	97	15.52	0.00	0.00	12.14	7.22	81.92	85.57	5.94	7.22	1.70	0.00	2.19	1.62	1.87						
Luzerne County	17	2.72	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	2.08	0.00	0.00	2.08	0.00						

* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses—2004-2006 Evaluation Period

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: FNB		Evaluation Period: 01/01/04 to 12/31/06	
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	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
Full Review:																		
Northumberland/Montour/Columbia Counties – Non-MSA	252	77.78	0.00	0.00	13.61	8.73	70.83	59.52	15.55	31.75	2.02	0.00	1.58	1.64	5.58			
Limited Review:																		
Lycoming County MSA 48700	69	21.30	0.00	0.00	29.64	39.13	65.61	53.62	4.75	7.25	0.62	0.00	1.24	0.39	2.61			
Luzerne County	3	0.93	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			

* Based on 2005 Peer Small Business Data: US.

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

*** Source Data - Dun and Bradstreet 2006.

Table 8. Borrower Distribution of Home Purchase Loans—2004-2006 Evaluation Period

Borrower Distribution: HOME PURCHASE		Geography: FNB					Evaluation Period: 01/01/04 to 12/31/06					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families***	% BANK Loans****						
Full Review:																
Northumberland/ Montour/Columbia Counties – Non-MSA	925	84.24	17.68	9.03	20.11	19.93	25.21	27.31	37.00	43.72	17.85	20.47	17.78	15.07	19.50	
Limited Review:																
Lycoming County MSA 48700	140	12.75	16.87	3.73	19.91	15.67	24.37	32.84	38.84	47.76	3.41	2.22	3.53	2.84	3.94	
Luzerne County	33	3.01	17.70	10.34	21.51	37.93	25.50	24.14	35.29	27.59	5.41	12.50	5.88	5.66	2.78	

* Based on 2005 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 2.5% loans originated and purchased by Bank.

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

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

Table 9. Borrower Distribution of Home Improvement Loans—2004-2006 Evaluation Period

Borrower Distribution: HOME IMPROVEMENT		Geography: FNB					Evaluation Period: 01/01/04 to 12/31/06					Market Share*				
MA/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* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families***	% BANK Loans**						
Full Review:																
2004-2006 Northumberland/Montour/Columbia Counties – Non-MSA	477	86.26	17.68	16.49	20.11	17.13	25.21	28.05	37.00	38.33	19.17	23.15	15.98	17.45	20.83	
Limited Review:																
2004-2006 Lycoming County MSA 48700	52	9.40	16.87	5.88	19.91	13.73	24.37	29.41	38.84	50.98	3.46	0.00	2.00	5.22	3.65	
2004-2006 Luzerne County	24	4.34	17.70	4.55	21.51	13.64	25.50	45.45	35.29	36.36	6.10	10.00	0.00	9.09	7.69	

* Based on 2005 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 2.4% of loans originated and purchased by Bank.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans—2004-2006 Evaluation Period

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: FNB			Evaluation Period: 01/01/04 to 12/31/06				
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:																			
Northumberland/Montour/Columbia Counties – Non-MSA	511	81.76	17.68	11.04	20.11	22.29	25.21	26.10	37.00	40.56	8.72	10.37	9.13	7.93	8.75				
Limited Review:																			
Lycoming County MSA 48700	97	15.52	16.87	3.13	19.91	16.67	24.37	32.29	38.84	47.92	1.90	1.50	1.85	1.43	2.33				
Luzerne County	17	2.72	17.70	11.76	21.51	47.06	25.50	29.41	35.29	11.76	2.58	7.14	2.33	2.04	2.04				

* Based on 2005 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available. No information was available for 2.2% of loans originated and purchased by Bank.

*** Percentage of Families is based on the 2000 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—2004-2006 Evaluation Period

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: FNB		Evaluation Period: 01/01/04 to 12/31/06		
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:									
Northumberland/Montour/Columbia Counties – Non-MSA	252	77.78	68.46	74.60	78.17	15.08	6.75	2.02	3.52
Limited Review:									
Lycoming County MSA 48700	69	21.30	67.03	68.12	86.96	7.25	5.80	0.62	1.24
Luzerne County	3	0.93	75.61	100.00	66.67	33.33	0.00	0.00	0.00

* Based on 2005 Peer Small Business Data: US.

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** 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 9.88% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: FNB									
Evaluation Period: 1/21/0/3 to 7/9/07									
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:									
Northumberland/ Montour/Columbia Counties – Non-MSA	0	0	25	1,363	25	1,363	55.45%	1	1,305
Limited Review:									
Lycoming County MSA 48700	0	0	2	686	2	686	27.91%	0	0
Luzerne County	0	0	0	0	0	0	0	0	0
Out of Assessment Area	0	0	1	409	1	409	16.64%	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 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: FNB																	Evaluation Period: 1/21/03 to 7/9/07			
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:																				
Northumberland/Montour/Columbia Counties – Non-MSA	96	7	87.50	0.00	0.00	85.71	14.29	0	0	0	0	0	0	0.00	12.23	73.66	14.11			
Limited Review:																				
Lycoming County MSA 48700	4	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			
Luzerne County	0	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00			