



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Public Disclosure**

**January 14, 2002**

**Community Reinvestment Act  
Performance Evaluation**

**Bank Of Lancaster County, National Association  
Charter Number: 42**

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Strasburg, PA 17579**

**Office of the Comptroller of the Currency**

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

## Table of Contents

<a href="#"><u>OVERALL CRA RATING</u></a> .....	2
<a href="#"><u>DEFINITIONS AND COMMON ABBREVIATIONS</u></a> .....	3
<a href="#"><u>DESCRIPTION OF INSTITUTION</u></a> .....	6
<a href="#"><u>SCOPE OF THE EVALUATION</u></a> .....	7
<a href="#"><u>FAIR LENDING REVIEW</u></a> .....	9
<a href="#"><u>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS</u></a> .....	10
<a href="#"><u>LENDING TEST</u></a> .....	10
<a href="#"><u>INVESTMENT TEST</u></a> .....	16
<a href="#"><u>SERVICE TEST</u></a> .....	ERROR! BOOKMARK NOT DEFINED.
<a href="#"><u>APPENDIX A: SCOPE OF EXAMINATION</u></a> .....	A-1
<a href="#"><u>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS</u></a> .....	B-1
<a href="#"><u>APPENDIX C: TABLES OF PERFORMANCE DATA</u></a> .....	C-1

## Overall CRA Rating

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

The following table indicates the performance level of **Bank Of Lancaster County, National Association (BLC)** with respect to the Lending, Investment, and Service Tests:

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

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

The major factors that support this rating include:

- BLC’s lending levels reflect good responsiveness to community credit needs.
- The geographic distribution of loans reflects an adequate penetration throughout the assessment area.
- The distribution of loans to borrowers of different income levels and businesses of different sizes is adequate.
- BLC made an adequate level of community development investments and grants.
- Service delivery systems are accessible to geographies and individuals of different income levels in the assessment area.
- BLC 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.

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

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

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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

The Bank of Lancaster County, NA (BLC) is an intrastate retail bank headquartered in Strasburg, Pennsylvania that as of September 30, 2001 had total consolidated assets of \$1.1 billion dollars. BLC is a subsidiary of Sterling Financial Corporation, a \$1.8 billion multibank holding company with corporate offices in Lancaster, PA. BLC has one operating subsidiary, Town and Country Inc., a commercial leasing company. BLC also has a partnership affiliation in Lancaster Insurance Group LLC, a joint marketing venture selling insurance products. The subsidiary and affiliate relationship does not adversely impact BLC's capacity to meet the community reinvestment needs of the assessment area.

BLC operates 29 banking offices in Lancaster County and one each in Chester (MSA 6160) and Lebanon (MSA 3240) counties. Twenty-three offices are equipped with an ATM machine and three free standing ATMs are located in the assessment area. The Chester office serves seven census tracts in the western portion of Chester County (MSA 6160) directly adjacent to Lancaster County. The Chester office provides limited services and hours. During the evaluation period one new branch office serving fourteen census tracts in adjacent Lebanon County, PA (MSA 3240) was opened. The branch is primarily dedicated to serving the needs of commercial customers in south central Lebanon County, PA. During the evaluation period BLC did not close any of its offices. BLC offers a full range of banking services and products. Trust services, insurance and investment products are made available to BLC customers through affiliates of Sterling Financial Corporation. Competition in the market place is strong and major competitors are Fulton Bank, Allfirst Bank, Farmers Bank, and Mellon Citizens First.

As of September 30, 2001, BLC's consolidated total loans were \$675 million, representing 59% of total assets. The loan portfolio consists of 46% commercial real estate and commercial loans, 32% residential real estate loans, 12% lease financing, 6% consumer installment loans, 4% agricultural loans. Tier 1 capital as of September 30, 2001 is \$88 million. There are no legal or financial impediments that preclude the bank from meeting the credit needs of its assessment areas. BLC was rated as satisfactory at the prior CRA performance evaluation dated November 1, 1999.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the lending test covers loan activity from January 1, 2000 to December 31, 2001. Our review covered the following loan products: all HMDA reportable mortgage loans, small business and small farm loans, community development loans and consumer loans which were originated or purchased during the evaluation period. Consumer loans were reviewed at the request of the bank. The evaluation period for the investment and service tests was from November 2, 1999 to September 30, 2001.

### Data Integrity

The accuracy of BLC's HMDA and CRA reporting data was reviewed by use of a transactional sample of bank records. The sample consisted of fifty-five HMDA records and thirty-five business loans from the CRA data. Our review of procedures and processes to collect the required information found them to be effective in ensuring the accuracy of reported information on both the HMDA and CRA data submissions. The information contained in the HMDA and CRA data is accurate for the evaluation period

### Selection of Areas for Full-Scope Review

BLC has one assessment area that includes all of the Lancaster MSA and a small portion of adjacent Chester and Lebanon counties. The assessment area received a full-scope review and our ratings are based on the results of this review. Refer to the table in Appendix A for more information.

### Ratings

The bank's overall rating is based primarily on those areas that receive full-scope reviews. BLC has one assessment area (MSA#4000/Chester Co./Lebanon Co.) and this area received a full-scope review. When determining conclusions for the lending test, home mortgage and business lending activities were given more weight as they represent primary loan products for the bank. Also, affordable housing loans were an identified community credit need. The bank's consumer lending activity was also given additional consideration as it represents the largest volume of loan originations during the review period.

### Other

At this examination we contacted a housing organization in Lebanon County and two housing organizations in Lancaster County to discuss credit needs and community development opportunities in their respective communities. They collectively indicated that new construction, and rehabilitation of single and multi-family rental units of affordable housing as well as affordable housing loan programs for low and moderate-income residents are primary needs in the BLC assessment area.

Tax credits have been a traditional method to finance community and economic development that provide affordable housing or create employment for low and moderate-income residents.



The availability of tax credits awarded by the state of Pennsylvania has diminished due to the general prosperity, low employment and competition for awards from counties with greater needs. Competition among area banks for the available tax credits has also resulted in a lower level of overall investment opportunities in the primary assessment area of Lancaster County.

We also contacted a government agency for economic development in Lebanon County who indicated that funding for development and redevelopment of property for commercial purposes to create employment opportunities was primarily from federal and state programs. Bank participation in this type of financing is limited due to the presence of other funding sources.

We also reviewed two community contacts made by other regulatory agencies during the prior two years to determine credit needs. These contacts indicated that the need for affordable housing and the development of more affordable loan products by financial institutions within the assessment area.

## Fair Lending Review

An analysis of two years of public comments and consumer complaint information, HMDA, small business, and small farm lending data was performed according to the OCC risk-based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not be conducted with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in September 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "High Satisfactory". Based on the full-scope review, BLC's performance in their assessment area is good.

#### Lending Activity

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

BLC's lending activity is good, reflecting an overall responsiveness to the credit needs of the assessment area. The bank is ranked among the top ten lenders within the assessment area for each loan product offered. BLC is ranked third in the assessment area with a deposit market share of 12.6%.

#### Home mortgage loans

Among home mortgage originations during the evaluation period, approximately 18% were for home purchase, 24% were for home improvement and 58% were for home mortgage refinance. Market share data for all mortgage data indicates that BLC ranks second out of 317 mortgage lenders with a market share of 6.7%

Based upon 2000 HMDA aggregate data, BLC ranked 14th out of 137 lenders in the assessment area with a market share of 1.7% in home purchase lending. Institutions ranked above BLC include Fulton Bank, Sovereign Bank and several large mortgage companies.

Based upon this same aggregate data, BLC ranked 1st out of 54 lenders in home improvement lending, with a 12.4% market share.

BLC ranked 2nd out of 135 lenders in home refinancing with a 5.5% market share. This performance is excellent given that more than half of the bank's home mortgage originations were home refinance loans.

#### Small loans to businesses

Based on 2000 aggregate data, BLC ranks sixth out of 130 lenders in small loans to businesses with a market share of 5%. The five institutions ranked higher than BLC, including two non-bank financial corporations, hold over 50% of this market.

#### Small loans to Farms

Small farm lending is not a primary loan product for BLC although a reasonable amount of loans were originated. Based upon market share data, the bank ranks sixth with a 9% market share within the assessment area. The top five lenders comprise 75% of the market.

### Consumer Loans

Consumer loan information reflects a large volume of originations. BLC originated 5,119 loans totaling approximately \$53 million during the review period. Loan types include motor vehicle, home equity, other secured, and other unsecured loans. For the purpose of gaining perspective on BLC consumer lending activity, origination during the evaluation period comprise 70% of Tier 1 capital.

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

BLC's overall geographic distribution of lending reflects an overall adequate penetration throughout the assessment area. Home lending opportunities are limited in low- and moderate- income geographies. These areas reflect less than 2% of the assessment area population and are characterized by low owner-occupancy rates. Additionally, there is strong competition among financial institutions throughout the assessment area.

### **Home Mortgage Loans**

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

The geographic distribution of home mortgage loans is adequate within the assessment area. The following analysis compares, for each home mortgage type (i.e. home purchases, home improvement and refinance), the percentage of BLC's lending in low- and moderate-income geographies to the portion of owner-occupied units in these respective income geographies. Also, for each loan type, the bank's market share within low- and moderate- income geographies is compared to the bank's overall market share.

Home purchase loan geographic distribution is adequate. The lending in low- and moderate-income geographies is below the percentage of owner-occupied housing in these respective geographies. BLC's market share in low- and moderate- income geographies is also below its overall home purchase loan market share.

The geographic distribution of home improvement loans is adequate. The lending volume in low- and moderate-income geographies is below the amount of owner-occupied housing for these respective geographies. The market share for both low- and moderate- income is also low when compared to the BLC's overall home improvement market share.

The distribution of BLC's home refinance lending is adequate. The percentage of loan in low- and moderate-income geographies is below the level of owner-occupied housing units within these respective geographies. BLC's market share within the low- and moderate- income geographies of the assessment area is below its overall market share for home refinance lending.

BLC's geographic distribution of multifamily loans is satisfactory. There were no multifamily loans made in low- income geographies compared to the 3% level of multifamily unit within this geography. However, multifamily loan originations within moderate- income geographies

exceeded the level of multifamily units within these geographies. BLC's market share in both low- and moderate- income geographies ranks below its overall market share for multifamily lending.

### ***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 loans in low-income geographies approximates the amount of businesses in those areas, while the volume of small loans to businesses in moderate-income geographies is slightly below the level of small businesses in this geography. BLC's market share in both the low- and moderate- income geographies of the assessment area exceeds its overall market share for small loans to businesses.

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

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

BLC geographic distribution of small farm loans is adequate based upon the demographic composition of the assessment area. Less than 1% of the farms within BLC's assessment area are located in low- and moderate geographies. During the evaluation period, the bank originated no small farm loans in low- income geographies and only 1 loan in moderate-income geographies.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans was compared to the percentage of households within low- and moderate- income geographies. BLC's distribution is adequate. The volume of loans in low- income geographies is close to, but does not exceed, the percentage of the households residing in those tracts. BLC's record of consumer lending in moderate- income geographies is below the percentage of households residing in those tracts. There is no market share data available to compare BLC's performance to other lenders in the assessment area.

### **Lending Gap Analysis**

No unexplained gaps were identified based upon the analysis of BLC's mortgage, consumer, small business and small farm lending activity over the evaluation period.

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

A substantial majority of the home mortgage loans, small loans to businesses, small farm loans and consumer loans originated by BLC over the evaluation period were within the assessment area. The volume of loans originated in the AA during the evaluation period by

the product types are as follows: home mortgage loans 95%, small loans to business 95%, and small farm loans 100%, and consumer loans 89%. The inside /outside ratio analysis indicates that BLC is responsive to all income segments in the assessment area

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

BLC's overall borrower distribution reflects a good penetration of loans to borrowers of different income levels and businesses of different revenue levels.

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

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

Our analysis revealed that overall lending to low- income borrowers for all loan product types is below the percentage of low-income families within the assessment area. The lack of affordability for a low- income person or family to purchase a home limits the opportunities for home improvement and home refinance lending to this segment of the bank's assessment area. These difficulties are evident as the median home price in the assessment area is \$86,130 while a low- income family earns less \$26 thousand.

Home purchase loan distribution by borrower income level is good. BLC's lending to moderate income- borrowers is close to the percentage of moderate-income families within the assessment area. The lending volume to low-income borrowers is below the percentage of low- income families in the area. The market shares of both low- and moderate- income borrowers are close to the their overall market share for home purchase loans.

Home improvement loan distribution by borrower income level is good. Within the assessment area, the percentage of loans to moderate- income borrowers closely approaches the percentage of moderate- income families while the lending to low- income borrowers is below the percentage of low- income families. BLC's market share to low- and moderate- income borrowers is close to the overall market share for home improvement lending.

Home refinance loan distribution by borrower income level is good. The percentage of loans to moderate- income borrowers is close to the percentage of moderate- income families residing in the assessment while loans to low- income borrowers is below the level of low- income families in the assessment area. BLC's market share to low- income borrowers exceeds its overall market share for home refinance lending while its market share to moderate- income borrowers closely approaches this threshold.

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

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

The distribution of small loans to businesses is good. BLC originated 74% of its small loans to small businesses compared to 86% of all small businesses in the assessment area. The bank's market share of lending to small businesses exceeds its overall business loan market share.

The distribution by size of loan reflects that a significant majority (77%) of loan originations during the evaluation period were \$100,000 or less which substantially meets the percentage of small businesses in the assessment area.

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

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

The distribution of small farm lending is good. The percentage of loans made to small farms is equal to the percentage of small farms in the assessment area at 93%. The bank's distribution by loan size indicated that a large majority of the originations were for \$100,000 or less. BLC's market share is equal to its overall small farm loan market share.

### ***Consumer***

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The distribution of consumer lending is excellent. The bank's distribution of consumer lending was compared to the percentage of low-, moderate-, middle-, and upper- income households within the assessment area. The percentage of consumer loans to low- and moderate-income borrowers exceeds the percentage of low- and moderate- income households within the assessment area.

### **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 (CD) lending.

CD lending had a positive impact on the lending test. BLC has made a good level of community development loans.

During the evaluation period, BLC originated 1 loan (\$2.5 million) and committed to another loan (\$3.2 million) for community development purposes within the AA. A \$2.5 million loan was granted to the Water Street Rescue Mission to purchase and renovate housing for abused women and their children. The majority of clients are low and moderate- income families. BLC also committed \$3.2 million to finance the purchase and renovation of 4 buildings located within an enterprise zone in the City of Lancaster.

BLC originated several small business loans during the evaluation period that have community development purposes. These loans are included in BLC's CRA small business loan data. The majority of these loans provide financing for the purchase and renovation of affordable housing that is sold or rented to low- and moderate- income families. Additionally, loans have also been extended to several community organizations to improve facilities used to provide social, health and elderly care to low- and moderate- income individuals and families within the AA.

## Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusion for the AA.

BLC continues to use several flexible loan programs to serve the mortgage credit needs of the AA. Among these are the mortgage program offered through Freddie Mac and the Lancaster Housing Opportunity Partnership. These programs provide the borrower(s) with low down payment requirements and closing cost assistance from LHOP. These products are available only to low- and moderate- income borrowers. The bank originated 17 loans approximating \$1.04 million during the review period.

BLC is also one of eight banks comprising the Lancaster Loan consortium. Each member bank has committed \$120 thousand annually to fund purchase money mortgages to first time homebuyers in the City of Lancaster. The Federal Home Loan bank will provide down payment assistance loans under its Affordable Housing Program. BLC has funded 5 loans under this program during the review period approximating \$29 thousand.

Other loan programs/products offered by BLC during the evaluation period included: reverse mortgages (15 loans/\$2.2 million), participation in the Guaranteed Rural Housing program which allows 100% financing and with no mortgage insurance (0 volume), and the availability of SBA Guaranteed Loans. Although no SBA loans were originated during the evaluation, BLC purchased 14 SBA loans approximating \$4.3 million.



## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "low satisfactory". Based on the limited types of qualified investment opportunities and strong competition for these types of investments in the assessment area the bank's performance is adequate.

Overall, investment opportunities are available but are limited. Community contacts conducted at this examination and a review of two recent CRA Performance Evaluations for institutions located in Lancaster County note that investment opportunities are limited. The bank has knowledge of investment opportunities based on its ongoing communications with community groups and governmental agencies involved in affordable housing and community development.

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

As of the examination date, BLC has an adequate volume of qualified investments and grants when consideration is given to availability of such investments. The majority of investments based on dollar amount of qualified investments are from prior periods and current investment activity in this rating period is primarily donations and grants and commitments for future period qualified investments.

The following distribution of types and dollar amounts of qualified investments is for the evaluation period.

Equity Investments (prior periods)	\$605,803
Community Grants and Donations	\$ 67,850
Economic Development	<u>\$ 25,000</u>
	\$698,700

The equity investments represent investments in three projects to construct low-income rental units, townhouses and apartment buildings in the assessment area in the period 1990 to 1993.

Qualifying community grants and donations are to affordable housing, economic development and community service organizations that service the low -moderate geographies and individuals within the assessment area.

Economic development funding represents BLC's investment to support an organization that supports economic development in Lancaster County by providing small business loans, business training, and mentoring services to low and moderate income individuals and businesses that are located in low and moderate income census areas.

The investments, including grants and donations, are responsive to the primary needs in the assessment area. Affordable housing including rental units has been a continuing need as

represented by community and governmental agencies within the assessment area. Eighty seven percent of BLC's investments support affordable housing initiatives within the assessment area.

In 2001, BLC made a sizeable forward commitment to small business development in 2002. The bank entered into an agreement with a venture capital company in the amount of up to one million dollars to fund investments in Small Business Investment Corporations. Small Business Investment Corporations provides capital to small businesses that may not be available from traditional bank or investment sources.

The bank received the US Treasury Departments Bank Enterprise Award in 2001 and has committed \$63 thousand of the award to a community group payable in 2002. The organization will establish a loan pool for low-moderate income individuals to be used for home improvement loans and loans to small businesses located in low and moderate- income areas. In addition, the bank has committed seven thousand dollars in 2002 to support the loan pool for a total of \$70 thousand for this Lancaster County organization.

## **SERVICE TEST**

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

BLC's performance under the Service Test is rated as high satisfactory. Based on the full-scope review, BLC's performance in the assessment area is good.

### **Retail Banking Services**

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

BLC service delivery systems are accessible to the geographies and individuals of different income levels within the assessment area. The bank operates 24 full service offices, 1 limited service office and 6 limited service facilities in retirement communities. A distribution by income level of the geographies in which the offices are located is as follows: 0 in low income census tracts, 2 in moderate income tracts, 25 in middle income tracts and 4 in upper income tracts. The two offices located in moderate- income tracts are in the downtown area of the city of Lancaster on North Duke Street and East King Street. These two offices border on the two low- income census tracts in the assessment area that are in the city of Lancaster. The office at Duke Street is within walking distance for most of the low- income census tracts. At the farthest point, the low- income area is 14 blocks from this branch. Due to the small size of the census tracts in the city, this office also serves two contiguous moderate- income tracts. The King Street office is also accessible to another adjacent moderate- income geography, where two low-income housing projects are located. The projects are within one half mile from the branch. Public transportation is available within the above areas and provides further accessibility to residents residing in the low and moderate- income census tracts to the offices on North Duke Street and East King Street.

BLC's full service offices, including one in a moderate income tract in the city of Lancaster, have early evening hours two days a week and are open on Saturday morning. Hours vary in

these offices based on demand and include a core period of 9 AM to 3 PM on a daily basis. Most offices are open until 6 PM one night a week and 9AM to 12 PM on Saturdays.

BLC maintains six limited service facilities in retirement communities that are only accessible to the residents of the facility. The branches offer full banking services but the hours of operation are tailored to meet the needs of the residents. During the evaluation period no offices were closed and one was opened in a middle- income census tract located in Lebanon County.

BLC has 26 automated teller machines (ATMs) located at branch offices and three stand alone machines. The stand-alone machines are located in a grocery store in Quarryville, Dutch Wonderland Gift Shop in Lancaster, and at the bank's administrative center in East Petersburg. One new ATM was opened in a middle class census tract at the location of the new office in Lebanon County. A distribution based on income level of geographies where the ATMs are located is as follows: 0 low- income tracts, 2 in moderate- income tracts, 22 in middle income and three in upper income tracts. The two ATMs located in moderate- income areas are in the Duke and King Street offices and provide accessibility to residents of nearby low-income geographies. Seven of the ATMs are in the city of Lancaster and are bilingual, offering a Spanish language option, to serve the growing Hispanic population in the city.

BLC also has two alternative delivery systems to serve the residents in the assessment area. The bank has a Direct Banking Department that offers telephone and Online internet banking. These distribution channels have been in place since 1997 and 1998 respectively and provide accessibility to the community for inquiring on products and services and enables individuals to apply for mortgage and consumer loans via telephone or online.

## **Community Development Services**

BLC provides a good level of community development services. Bank employees/officers utilize their bank related skills to assist assessment area community groups. BLC employees/officers work with nineteen community groups that provide community services. Eight organizations are involved in affordable housing, economic development, credit counseling to obtain mortgage loans for affordable housing units and health services to low and moderate income individuals. The remaining 11 organizations are community service oriented. BLC staff members use their financial and banking knowledge to assist in developing financial plans, project management, fund raising, administrative duties, funding sources for development of affordable housing, and participating on a regional economic development authority. The following are examples of the types of participation.

- Lancaster Housing Opportunity Partnership (LHOP)

The organization facilitates and promotes the expansion of affordable housing in Lancaster County. The bank's CRA Officer serves on the finance committee and assists in preparing budgets, reviewing financial statements, and enjoining with other members to recommend financial decisions.

- Redevelopment Authority City of Lancaster

Governmental agency of the City of Lancaster that is involved with the development and rehabilitation of affordable housing and redevelopment of business and industrial properties to increase employment and revitalize the economy. One officer serves as a Board member and Treasurer.

- Sunnyside Housing Corporation

This community group assists low and moderate-income families in Lancaster County obtain and maintain affordable housing. Bank employee serves on the Board of Directors. Individual is also involved in budget process and reviews credit applications.

- Tabor Community Services

A HUD approved housing and credit counseling agency in Lancaster. Tabor provides rental and home ownership for low and moderate-income families. A bank officer is on the Board and serves as the finance

- Habitat of Humanity

Constructs affordable housing for low and moderate-income individuals. One employee serves on the Board of Directors and is also involved in project financing.

## 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”).

<b>Time Period Reviewed</b>	Lending Test: January 1, 1999 to December 31, 2001 Investment Test: November 2, 1999 to September 30, 2001 Service Tests: November 2, 1999 to September 30, 2001 CD Loans: 11/02/99 to 12/31/01	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Bank of Lancaster County, NA (BLC) Lancaster, PA		Residential mortgages, small business loans, small farm loans, consumer loans, community development loans.
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lancaster MSA #4000/Chester Co./Lebanon Co.	Full-Scope	

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

### GEOGRAPHY

Demographic Information for Full Scope Area: Lancaster MSA/Chester County/Lebanon County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	115	1.74	13.04	79.13	6.09	0.00
Population by Geography	491,732	1.45	11.19	79.88	7.48	0.00
Owner-Occupied Housing by Geography	122,585	0.53	8.30	82.77	8.41	0.00
Business by Geography	21,766	0.57	10.90	79.61	8.93	0.00
Farms by Geography	1,936	0.05	0.83	95.92	3.20	0.00
Family Distribution by Income Level	131,704	15.88	19.78	28.96	35.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	46,967	2.44		76.27	4.13	0.00
Median Family Income HUD Adjusted Median Family Income for 2000 Households Below Poverty Level		37,993 51,888 7.52%	Median Housing Value Unemployment Rate (1990 US Census)		86,130 1.68%	

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

Source: 1990 US Census and 2000 HUD updated MFI

### Description of the Assessment Area

BLC has one assessment area consisting of all 94 CTs in Lancaster County, which is the entire Lancaster MSA (MSA 4000). In addition to Lancaster County, 7 CTs in extreme western portion of Chester County that is contiguous to Lancaster County are included. Chester County is a part of the large Philadelphia CMSA 6160. In a similar manner a small portion of south central Lebanon County consisting of 14 CTs that are contiguous to the Lancaster MSA are also included in the assessment area. The CTs in Lebanon County are in the Route 72 corridor from Manheim to the City of Lebanon and are part of the Harrisburg MSA (MSA 3240). BLC offices in each of the counties are bordering on the Lancaster MSA and are primarily semi-rural. In addition, the two adjacent areas represent a small percentage of their respective MSAs total census tracts and population. Based on these factors they are not considered as separate assessment areas. The present configuration of the assessment area complies with the requirements of the CRA regulation. There are no indicators of the presence of discrimination in the lending process and no low or moderate income geographies have been arbitrarily excluded from the assessment area.

The assessment area has two low income CTs and 15 moderate CTs. The low income and nine moderate tracts are located within the city of Lancaster. Four moderate tracts are located in the City of Lebanon. The low and moderate tracts located in Lancaster are in the southeast section of the city and are relatively small in size. The average size of one of these census tracts is six by nine blocks.

BLC has a strong presence in Lancaster County and operates 29 offices and 26 ATMs in Lancaster County. A limited service office is located in Chester County in the community of Atglen. A new office was opened in 2001 in Chester County in the community of North Cornwall Township to primarily provide credit to the business community.

The assessment area is heavily banked with 230 offices representing 38 financial institutions with total deposits of \$6.8 billion reported at year-end 2000. Competition for deposits is centered in five institutions including BLC that have 64% of total market share for deposits. BLC is ranked as third with a 13% deposit market share in 2000 within the assessment area. BLC was ranked as third in HMDA reportable loan originations in 2000 and was second in lending to small businesses with annual revenues of less than 1 million. The market share reports are based on dollar volume of loans originated. Based on number of originations the bank was ranked as second in HMDA originations and sixth in business loans.

The assessment area economy is diverse and includes manufacturing, distribution, health care, tourism and retail sectors. Lancaster County has a strong agricultural presence and is one of the higher-ranking counties in Pennsylvania in terms of production and sales. As of September 2001 the unemployment rate for the Lancaster MSA was 3.1% and 3.5% for Harrisburg/Lebanon MSA. The Pennsylvania statewide average unemployment rate was 4.6% for the same period. While the economy is diverse the presence of manufacturing, durable goods, and tourism sectors has made the economy more susceptible to the effects of a slowing national economy. Major employers in the Lancaster MSA are the Lancaster Hospital, RR Donnelley & Sons, Armstrong World Industries, Manheim Auto Auction, Tyson Foods, Inc, and Dart Container Corp. In Chester County QVC Network, Inc, the Vanguard Group and Chester County are major employers. In Lebanon County major employers are Hershey Foods Inc., Gale Corporation, Lancaster Aluminum Siding Manufacturing Corporation, and Lebanon County.

Demographic information indicates that the home ownership may be difficult to achieve for many residents as the assessment area median housing expense is \$86 thousand. The median updated 2000 family income is reported as \$52 thousand. A low income in the assessment area is a family income of less than \$26 thousand.

Eight percent of the households are below the poverty level and 26% receive social security benefits. Seven percent of the current homeowners expend more than 30% of their income for housing. Approximately 66% of the housing units are owner occupied with low and moderate CTs having 1% and 8% of the assessment areas total owner occupied units.

### **Community Credit Needs**

Contacts were made with a housing organization and a governmental housing agency in Lancaster County. These sources identified that construction or rehabilitation of affordable housing including rental units is the primary needs in the assessment area. A governmental agency was contacted in Lebanon County to review credit needs in that sector of the assessment area. A need for affordable rental housing was also identified as an ongoing need. Two other CRA examinations covering the Lancaster MSA also identified a need for construction or rehabilitation of affordable housing including rental units.

A review of the Lancaster Consolidated Plan for 2000 noted that one of the primary needs was for additional affordable rental units within the county including senior citizen housing.

**Community Development Opportunities**

Community development opportunities are present in the assessment area. The availability of tax credits has decreased over time as the assessment area has a diverse economy with an unemployment rate that is less than the state average. Geographies within the state that have greater needs are receiving more of the tax credits. Tax credits and other financing opportunities to support community development are available in limited quantity.

The presence of Pennsylvania Enterprise Zones in the City of Lancaster have provided opportunities for a community group and BLC to redevelop buildings for low and moderate income housing and economic development resulting in employment creation in low and moderate census tracts to benefit low and moderate income residents.



## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

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

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

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

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

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

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

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

Institution ID: 1000000042 BANK OF LANCASTER COUNTY, N.A.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001						
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
BLC	100.00	4,762	290,046	1,629	152,906	306	22,339	2	5,700	6,699	470,991	100.00

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 1999 to December 31, 2001.

\*\*\* Deposit Data as of December 31, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 1000000042 BANK OF LANCASTER COUNTY, N.A.

**Table 1. Other Products**

LENDING VOLUME		Geography: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>														
BLC	100.00	5,119	52,607	0	0	790	13,532	2,359	23,991	0	0	1,007	9,380	100.00

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2001.

\*\*\* Deposit Data as of December 31, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 10000000042 BANK OF LANCASTER  
 COUNTY, N.A.

**Table 1. Other Products**

LENDING VOLUME		Geography: BLC 2002 AA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001	
MA/Assessment Area (2001):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
BLC	963	5,704	0	0	

\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2001.

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
BLC 2002 AA	836	100.00	0.53	0.36	8.30	3.83	82.77	84.09	8.41	11.72	2.68	0.00	1.26	2.77	3.58

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000000042 BANK OF LANCASTER COUNTY, N.A.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
BLC 2002 AA	1,144	100.00	0.53	0.09	8.30	3.23	82.77	86.45	8.41	10.23	14.53	0.00	9.31	14.63	19.52

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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



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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
BLC 2002 AA	2,766	100.00	0.53	0.22	8.30	3.25	82.77	86.26	8.41	10.27	9.27	0.00	3.51	10.18	9.02	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: BLC 2002 AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
BLC 2002 AA	16	100.00	3.08	0.00	20.77	25.00	65.34	56.25	10.81	18.75	15.79	0.00	10.00	15.38	50.00	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography'				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans						
<b>Full Review:</b>																
BLC 2002 AA	1,629	100.00	0.57	0.55	10.90	7.24	79.61	79.19	8.93	13.01	2.71	3.13	4.76	4.01	0.76	

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2001).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: BLC 2002 AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share (%) by Geography'				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans						
<b>Full Review:</b>																
BLC 2002 AA	306	100.00	0.05	0.00	0.83	0.33	95.92	98.69	3.20	0.98	9.11	0.00	0.00	9.32	8.33	

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2001).

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

Borrower Distribution: HOME PURCHASE		Geography: BLC 2002 AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
BLC 2002 AA	836	100.00	15.88	6.77	19.78	18.90	28.96	27.97	35.37	46.36	2.88	2.33	1.66	2.63	4.16	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 6.34% of loans originated and purchased by BANK.

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

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

Institution ID: 1000000042 BANK OF LANCASTER COUNTY, N.A.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: BLC 2002 AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share <sup>*</sup>				
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 <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
BLC 2002 AA	1,144	100.00	15.88	7.36	19.78	18.49	28.96	32.05	35.37	42.10	14.53	12.59	14.31	13.74	15.64	

<sup>\*</sup> Based on 2000 Peer Mortgage Data: Northeast Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.62% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

Institution ID: 1000000042 BANK OF LANCASTER COUNTY, N.A.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: BLC 2002 AA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					Market Share <sup>†</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
BLC 2002 AA	2,766	100.00	15.88	5.69	19.78	17.83	28.96	30.16	35.37	46.33	10.45	12.53	7.52	11.57	10.62	

<sup>†</sup> Based on 2000 Peer Mortgage Data: Northeast Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 5.89% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: BLC 2002 AA			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
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
<b>Full Review:</b>									
BLC 2002 AA	1,629	100.00	85.82	74.16	76.73	14.30	8.96	2.71	4.96

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.53% of small loans to businesses originated and purchased by the bank.



Institution ID: 10000000042 BANK OF LANCASTER COUNTY, N.A.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: BLC 2002 AA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001					
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
BLC 2002 AA	306	100.00	93.23	93.14	81.05	12.42	6.54	9.11	9.00

\* Based on 2000 Peer Small Business Data: US&PR.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.98% of small loans to farms originated and purchased by the bank.

Institution ID: 10000000042 BANK OF LANCASTER COUNTY, N.A.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: BLC 2002 AA								Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001								
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
<b>Full Review:</b>																		
BLC 2002 AA	5,119	100.00	1.24	0.61	12.49	3.85	78.74	87.89	7.54	7.66	20.71	23.72	17.75	22.78	23.94	25.89	37.60	27.61

\* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of Households is based on the 1990 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
BLC 2002 AA	3	631	14	68	17	699	100	3	1,070

\* '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: BLC 2002 AA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
BLC 2002 AA	100.00	31	100	0.00	6.45	80.65	12.90	1	0	0	0	1	0	1.45	11.19	79.88	7.48

Institution ID: 1000000042 BANK OF LANCASTER COUNTY, N.A.

**BLC 2002 AA**

Demographic Information for Full Scope Area: BLC 2002 AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	115	1.74	13.04	79.13	6.09	0.00
Population by Geography	491,732	1.45	11.19	79.88	7.48	0.00
Owner-Occupied Housing by Geography	122,585	0.53	8.30	82.77	8.41	0.00
Business by Geography	21,766	0.57	10.90	79.61	8.93	0.00
Farms by Geography	1,936	0.05	0.83	95.92	3.20	0.00
Family Distribution by Income Level	131,704	15.88	19.78	28.96	35.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	46,967	2.44	17.16	76.27	4.13	0.00
Median Family Income		37,993	Median Housing Value		86,130	
HUD Adjusted Median Family Income for 2001		51,888	Unemployment Rate (1990 US		1.68%	
Households Below Poverty Level		7.52%	Census)			

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

Source: 1990 US Census and 2001 HUD updated MFI