



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

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Danville, PA 17821

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.

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Overall CRA Rating

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

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

Performance Levels	FNB Bank, N.A. 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:

- The bank's lending levels reflect an excellent responsiveness to the credit needs of the AAs.
- The geographic distribution of HDMA loans reflects a good penetration throughout the AAs.
- The distribution of HMDA loans to customers of different income levels is good throughout the AAs.
- The distribution of small loans among businesses of different sizes is excellent throughout the AAs.
- The bank has an adequate level of qualified investment and donations in each of the AAs.
- The bank's service delivery systems are accessible to geographies and individuals of different income levels in each of the AAs.
- The bank provides a good level of community development services throughout each of its AAs.

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

FNB Bank, N. A. (FNB) is an intrastate community bank with total assets of \$303 million as of September 30, 2002. The bank is headquartered in Danville, Pennsylvania and is a subsidiary of Fulton Financial Corp. (FFC), an \$8 billion multi-bank holding company located in Lancaster, Pennsylvania. FFC operates thirteen banking subsidiaries located in Pennsylvania, Maryland, New Jersey, and Delaware. FFC's banking subsidiaries include: Fulton Bank; Fulton Financial Advisors, N.A.; FNB Bank, N.A.; Lafayette Ambassador Bank; Lebanon Valley Farmers Bank; Swineford National Bank; Skylands Community Bank; The Bank; Woodstown National Bank; Hagerstown Trust Company; The Peoples Bank of Elkton; and Delaware National Bank. FFC's non-banking subsidiaries include: Fulton Life Insurance Company; Fulton Insurance Services Group, Inc.; and Dearden, Maguire, Weaver and Barrett, Inc. FNB did not request that we consider any affiliates' activities in this evaluation.

FNB operates eight full service offices and seven automated teller machines (ATMs) in Montour, Northumberland, Columbia and Lycoming counties in Pennsylvania. FNB has a business strategy focused on retail customers and small business lending. The loan portfolio is heavily weighted toward first lien mortgages. There is only minimal opportunity in the local economy for large commercial lending. In addition to providing a full range of commercial and personal banking products, FNB also offers trust services, discount brokerage services, and mutual funds through FFC.

As of September 30, 2002, FNB had net loans of \$195 million, representing 69% of total assets. The loan portfolio is comprised of 49% residential real estate mortgage, 27% consumer installment, and 24% commercial and commercial real estate credits. Net Tier 1 capital as of September 30, 2002 was \$29 million. Competition in the bank's AAs is very strong and includes local community banks, regional banks, national financial institutions and mortgage companies. There are no legal or financial impediments that would hinder the bank's ability to help meet the credit needs of its community. FNB received a Satisfactory rating at their last CRA performance evaluation dated January 8, 2000.

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, 2002. Our review covered the following loan products: Home Mortgage Disclosure Act (HMDA) reportable loans, small business and small farm loans that were originated or purchased during the evaluation period. For community development loans, and the Investment and Service Tests, we considered qualified investment activity and the bank's record of providing retail and community development services, from January 8, 2000 to January 21, 2003.

Data Integrity

During the examination, we reviewed the accuracy of the bank's 2000, 2001, and 2002 HMDA loan application registrar (LAR) and small business and small farm LARs. We reviewed the procedures and processes in place to collect the required information and internal procedures used to test the accuracy of the data. No errors were noted in either the HMDA or small business and small farm LARs.

Community investments and services submitted by management were also reviewed during the examination to ensure that they met the regulatory definition of community development. FNB originated no community development loans during the evaluation period.

Selection of Areas for Full-Scope Review

The Columbia County – MSA 7560 and Montour/Northumberland Counties - Non-MSA assessment areas (AAs) received full scope reviews. The Lycoming County - MSA 9140 assessment area (AA) received a limited scope review. The full scope areas constitute a representative sample of both significant and less significant markets in which the bank operates. In Columbia County - MSA 7560, FNB operates two offices and two ATMs. These offices originated 500 HMDA loans and 63 small business loans. In the Montour/Northumberland Counties - Non-MSA, FNB operates five office and four ATMs. These offices originated 1,044 HMDA loans, 131 small business loans and 19 small farm loans. Refer to Appendix A for more information.

Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. The results in the Montour/Northumberland Counties - Non-MSA AA were weighted more heavily when arriving at the overall rating because this is the bank's primary trade area. The majority of FNB's offices, deposits, and loan originations are in this AA. In addition, home mortgage products received more weight in evaluating the Lending Test than small loans to businesses given the volume of mortgages originated. Mortgages originated in Columbia County –MSA 7560 and Monroe/Northumberland Counties – Non-MSA represent 88% and 87% of the total loans within the AA, respectively. Small loans to farms were not considered in this evaluation given the overall limited volume of lending originated by FNB during the evaluation period.

Other

We discussed credit needs and community development opportunities with two community organizations. These organizations included a housing group in the Montour/Northumberland Counties - Non MSA AA and a housing group in Columbia County - MSA 7560 AA. In Columbia County - MSA 7560, the housing organization did not identify any unmet credit needs. This organization indicated that local financial institutions are meeting affordable housing credit needs. Community development opportunities are limited in this AA. In Montour/Northumberland-Non-MSA AA, the contact did not identify any unmet credit needs. This organization indicated that local financial institutions meet affordable housing credit needs and that housing is the largest credit need of the area. The organization also indicated that not many community development investment opportunities exist because the counties are small and the majority of housing needs are already being met by the local bank and agencies. In both AAs, the economic conditions are stable and mirror the economic conditions of the overall Commonwealth of Pennsylvania.

Fair Lending Review

An analysis of the most recent available public comments and consumer complaint information was performed according to the Office of the Comptroller of the Currency's risk-based fair lending approach. Based on its analysis of the information, the Office of the Comptroller of the Currency decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year.

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 full-scope reviews, the bank's performance in Columbia County - MSA 7560 and Montour/Northumberland Counties - Non-MSA is good.

FNB's mortgage lending performance was weighted more heavily than the small business lending. Community development lending had a neutral impact on the bank's overall lending test.

Lending Activity

The bank's level of lending activity is excellent.

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

Columbia County – MSA 7560

Lending activity in Columbia County is excellent. The bank's lending patterns are reflective of the credit needs of the community, which is primarily housing related. As a result the bank's lending is centered in HMDA products (89%) for this AA. Purchase, home improvement, and refinance loans represent 35%, 20% and 45%, respectively. Multi-family loans represent an insignificant portion of the bank's lending with only four loans originated for all three assessment areas. Small business credit is a secondary credit need of the AA and therefore is reflected in the smaller volume of lending (11%) for the AA. There is no small farm credit lending based on the demand at the bank.

FNB has 2 branches and 18% of its deposits in this AA. Market share of deposits is 4.63%. FNB's market rank is 7th out of nine institutions for deposits. Market share for home purchase, home improvement and home refinance loans is 9.12%, 7.14%, and 6.00%, respectively. Competition for home mortgages is strong and FNB's market rank for purchase, home improvement, and home refinance is first, fourth, and fourth, respectively. Market share of small loans to businesses is 2.34%. Competition for small business loans is also strong and is being met primarily by national credit card companies. FNB market rank is tenth for small business loans.

Montour/Northumberland - Non-MSA

Lending in the Non-MSA is excellent. The bank's lending patterns are reflective of the credit needs of the community, which is again primarily housing related. As a result, the bank's lending is centered in HMDA products (87%). Purchase, home improvement and refinance loans represent 31%, 25%, and 44%, respectively. Small business credit is again a secondary

credit need and is reflected in the small volume of lending (11%) and a lesser volume of small farm lending (2%).

FNB has 5 branches and 78% of its deposits in this AA. The bank's market share of deposits is 13.89%. FNB's market rank for deposits is 3rd out of a total of 18 institutions for deposits. Market share for home purchase, home improvement and home refinance loans is 16.80%, 20.20%, and 12.26%, respectively. Competition for home mortgages is strong and FNB market rank for purchase, home improvement, and home refinance is first for all three products. Market share of small loans to businesses and small farms is 3.31% and 17.31%, respectively. Competition for small business loans is also strong and is being met primarily by national credit card companies. FNB market rank is also tenth for small business loans in this AA.

Distribution of Loans by Income Level of the Geography

The distribution of loans by income level of geography is good in both AAs when considering the performance context issues discussed under the Montour/Northumberland-Non-MSA assessment areas.

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.

Geographic distribution of multi-family loans is not discussed due to the limited number of loans originated by FNB in all AA. There are also no low-income geographies and therefore the analysis centers on the moderate-income geographies located within each AA.

Columbia County – MSA 7560

Geographic distribution of home purchase loans is adequate. Home purchase loan originations by the bank in moderate-income tracts are slightly below the percentage of owner occupied units within the tracts. The bank's overall market share for purchase loans is below its market share for purchase loans in the moderate-income tracts.

Geographic distribution of home improvement loans is excellent. Home improvement loan originations in moderate-income tracts equal the percentage of owner occupied units within the tracts. The bank's market share in the moderate-income tracts for home improvement loans significantly exceed the overall market share.

Geographic distribution of home refinance loans is adequate. Home refinance originations are below the percentage of owner occupied units within the moderate-income tracts. However, the market share in the moderate-income tracts significantly exceeds the bank's overall market share.

Montour/Northumberland – Non-MSA

Geographic distribution of home purchase, home improvement and home refinance loans is good, despite the percentages of loan originations being below the level of owner occupied units. Home purchase, home improvement, and home refinance originations by FNB are all below the level of owner occupied units. Additional analysis reveals that the bank does limited

home mortgage lending in three of the five moderate-income tracts in this AA. The three moderate-income tracts are located in Mount Carmel and nearby Coal Township, Pennsylvania, south of the main office in Danville. Mount Carmel and Coal Township are well served by another community bank right within the town of Mount Carmel, along with a number of branches from regional institutions. The nearest FNB branch is several miles away from Mount Carmel and Coal Township in Atlas, Pennsylvania.

The remaining two moderate-income tracts in are in Shamokin Dam, north of the main office in Danville. In Shamokin Dam there is very strong competition for mortgages with as many as 266 total mortgage lenders in the area. Market share data for just the two moderate-income tracts in Shamokin Dam indicate that there are 65 lenders for home purchase mortgages and that FNB is the third largest lender in these two tracts. For Home Improvement loans, market share data for the two moderate-income tracts in Shamokin Dam reveals that there are 52 lenders and FNB is the fourth largest lender in these tracks. For Home Refinance mortgages, market share data for the two moderate-income tracts in Shamokin Dam reveals that there are 113 lenders and FNB is the ninth largest lender in these tracks. In summary, market share numbers in the moderate-income tracts are also consistently below the bank's overall market share for home purchase, home improvement and home refinance. However, given the difficulty in lending to the Mount Carmel area and the competition in the Shamokin area, FNB's performance is considered good.

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.

Columbia County – MSA 7560

Geographic distribution of small loans to business is adequate in the moderate-income tracts. The bank's origination of small loans to businesses is below the percentage of businesses operating in those tracts. Market share in moderate-income tracts is also below FNB's overall small loans to business market share.

Montour/Northumberland – Non-MSA

Geographic distribution of small loans to business is adequate in the moderate-income tracts. The bank's origination of small loans to businesses is significantly below the percentage of businesses operating in those tracts and market share is zero for 2001 in the moderate-income tracts. However, performance is still considered adequate because it is difficult if not impossible for FNB to serve a large percentage of the moderate-income tracts within this AA as described under the home mortgage loan section. Again, two of five moderate-income tracts are located in Mount Carmel, Pennsylvania. Mount Carmel's own community bank and branches of other regional banks serve Mount Carmel and the nearest FNB branch is several miles away in Atlas, Pennsylvania. Further in Northumberland County where the five moderate-income tracts are located, there are a total of 1,766 institutions competing for loans to small businesses. Large credit card companies, such as American Express, largely dominate the market. In summary, given the strong competition for small loans to business lending by geography is adequate.

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.

Small loans to farms are not discussed due to the limited amount of originations by the bank.

Lending Gap Analysis

There are no unexplained conspicuous gaps in FNB's mortgage or small business lending patterns in either Columbia County or Montour/Northumberland AAs.

Inside/Outside Ratio

An analysis of the bank's lending within its assessment areas was performed at the bank level as opposed to the individual AA levels. A substantial majority of the home mortgage loans and small loans to businesses were originated within the bank's assessment areas. For HMDA products, 89% of all originations by the number volume of loans were within the assessment areas. For small loans to businesses, 95% by number volume of loans originated were within the assessment areas. A high level of lending within its AA reflects favorably on the bank's overall geographic distribution.

Distribution of Loans by Income Level of the Borrower

The distribution of loans by income level of borrower is good.

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.

Columbia County – MSA 7560

The distribution of home purchase and home improvement loans to low-income borrowers is excellent. The bank's origination of loans is below the level of low-income families. However, given the high level of low-income households, 10.95%, below the level of poverty, lending to low-income borrowers is considered excellent for both home purchase and home improvement loans. Lending to low-income borrowers, especially very low-income borrowers, is challenging for home purchase given the difficulties in acquiring a home and the limited opportunities for home improvement lending. FNB's market share to low-income borrowers significantly exceeds its overall market share for home purchase loans and market share to low-income borrowers exceeds the overall market share for home improvement loans.

Lending to moderate-income borrowers for purchase and home improvement loans is good. The level of originations is near to the percentage moderate-income families for purchase loans and only slightly below the percentage of moderate-income families for home improvement loans. Market share for moderate-income borrowers is also near to the overall

market share for home purchase and market share for moderate-income borrowers exceeds the overall market share for home improvement.

The distribution of home refinance loans to low-income borrowers is good. The bank's origination of loans is below the level of low-income families. However, given the high level of low-income households, 10.95%, which limits the opportunities to lend to low-income borrowers, the level is good. The market share to low-income borrowers is below the overall market share for refinance loans. The distribution of home refinance loans to moderate-income borrowers is good. The bank's origination of loans is only slightly below the level of moderate-income families. The market share to moderate-income borrowers is below the overall market share.

Montour/Northumberland –Non-MSA

The distribution of home purchase and home improvement loans to low-income borrowers is excellent. The bank's origination of loans is below the level of low-income families. However, given the high level of low-income households, 13.40%, below the level of poverty, lending to low-income borrowers is considered excellent for both home purchase and home improvement loans. Lending to low-income borrowers, especially very low-income borrowers, is challenging for home purchase given the difficulties in acquiring a home and the limited opportunities for home improvement lending. FNB's market share to low-income borrowers exceeds its overall market share for both home purchase and home improvement loans.

Lending to moderate-income borrowers for purchase and home improvement loans is good. The level of originations is only slightly below the percentage of moderate-income families for purchase loans and near to the percentage of moderate-income families for home improvement loans. Market share for moderate-income borrowers exceeds the overall market share for both home purchase and home improvement loans.

The distribution of home refinance loans to low-income borrowers is adequate. The bank's origination of loans is below the level of low-income families. However, again given the high level, 13.40% of households, that live below the poverty level, which limits the opportunities for these loans, the lending level is adequate. The market share to low-income borrowers is below the overall market share for refinance loans. The distribution of home refinance loans to moderate-income borrowers is adequate. The bank's origination of loans is only somewhat below the level of moderate-income families. The market share to moderate-income borrowers is substantially meets the overall market share.

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.

Distribution of small loans to business is excellent.

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.

Columbia County - MSA 7560

Distribution of small loans to business is excellent. The percentage of small loans to businesses with revenues of \$1 million or less (small business) exceeds the percentage of small businesses in the AA. The market share of loans with revenues of \$1 million or less significantly exceeds the bank's market share for all loans to businesses. Competition for small loans to businesses is strong in Columbia County with over 1,700 lenders. FNB ranks tenth in market share with the largest market shareholders being primarily larger financial service organizations that issue credit cards.

Montour/Northumberland - Non-MSA

Distribution of small loans to business is excellent. The percentage of small loans to businesses with revenues of \$1 million or less (small business) exceeds the percentage of small businesses in the AA. The market share of loans with revenues of \$1 million or less significantly exceeds the bank's market share for all loans to businesses. Competition for small loans to businesses is strong in the Non-MSA with a total of 1,500 lenders. FNB ranks tenth in market share with the largest market shareholders primarily being larger financial organizations that issue credit cards.

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.

Small loans to farms are not discussed due to the limited amount of originations by the bank.

Community Development Lending

Community development lending had a neutral impact on the Lending Test.

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. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a neutral impact on the Lending Test. Opportunities for community development lending activities are limited in both full scope assessment areas based on our own analysis and discussions with community contacts.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test. Products discussed below are offered in both the Columbia County – MSA 7560 and Montour/Northumberland County Non-MSA AA. FNB uses Pennsylvania Housing Finance Agency (PHFA) mortgage loan programs to meet the mortgage credit needs of low- and moderate-income individuals. These mortgage programs are available in all three of the bank's AAs. FNB has extended a good amount of loans through these programs. During the evaluation period, FNB originate 119 loans totaling \$8 million under both programs. The loans programs are described below.

- PHFA Statewide Homeownership Program – This program is for first time homebuyers. The program sets income limits and has maximum purchase price.
- PHFA Lower Income Homeownership and Closing Cost Assistance Programs – This program is for low-income families. In certain cases, a zero down payment is possible. Closing cost assistance is also available.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in Lycoming County - MSA 9140 AA is not inconsistent with the bank's overall High Satisfactory performance under the Lending Test. Refer to Tables 1 through 11 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 Low Satisfactory when considering the limited opportunities for community development investments in both assessment areas. We determined opportunities for community development investment were limited based on our internal analysis and discussions with community contacts. In Columbia County - MSA 7650, the organization we contacted noted community development projects are limited. These projects usually only arise when the private sector cannot deal with or resolve an issue. In Montour County, the "housing organization we contacted indicated that there are not many community development investment opportunities because it is a small county and the majority of housing needs are being met by the local banks and agencies." Based on the full scope reviews, the bank's performance in Columbia County - MSA 7560 and Montour/Northumberland Counties – Non- MSA is adequate. The performance in each AA is described below.

Prior to the evaluation period, FNB had purchased a \$300,000 Pennsylvania Housing Finance Agency (PHFA) single-family mortgage revenue bond. Owner-occupied residential dwelling units located in targeted areas of the Commonwealth securitize this bond. The targeted areas consist of all counties with census tracts in which 70% of the families have an annual income of 80% or less of the statewide median income. Thirty-nine counties in the state have been designated as target areas. The mortgages are primarily for low-and moderate-income first time homebuyers.

During the evaluation period, FNB purchased another \$100,000 PHFA revenue bond.

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

Columbia County – MSA 7560

As of examination date, FNB has an adequate volume of qualified investments consisting of the PHFA revenue bonds as described above.

Montour/Northumberland – Non-MSA

FNB has an adequate volume of qualified investments and donations in this AA, including the PHFA as described and community grants and donations totaling \$6 thousand. The community grants and donations include qualified donations to affordable housing and community service organizations. For example, a donation was made to an affordable housing group that builds homes for low- and moderate-income families, funds were given to a local

hospital to subsidize medical expenses for low- and moderate-income children, funds were given to organization engaged in providing therapeutic activities to disabled low- and moderate-income individuals to lead more productive lives, and donations were made to fund low- and moderate-income family memberships to a community center.

These investments exhibit an adequate responsiveness to the primary needs in the AA. Local community organizations indicated affordable housing is a concern in the area. Approximately 99% of FNB's investments are for affordable housing purposes.

Conclusions for Area Receiving Limited-Scope Reviews

Based on the limited-scope review, the bank's performance under the Investment Test in MSA 9140 is consistent with the bank's overall Low 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 full-scope reviews, the bank's performance in Columbia County -MSA 7560 is excellent and Montour/Northumberland Counties – 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.

We concluded that the same financial services are offered at all of the bank's branches. Retail banking services provided in each AA are described below.

Columbia County – MSA 7560

FNB's service delivery systems are readily accessible to geographies and individuals of different income levels in the assessment area. The bank operates two full service offices in this area. One office is located in a moderate-income tract, 50%, which significantly exceeds the population in this tract, and one is in a middle-income tract. There are no branches in upper-income tracts, and there are no low-income tracts in the AA. The office in the moderate-income geography is located in Berwick. There are only two moderate-income tracts in this area. The other moderate-income geography is located a few miles from Berwick, in the borough of Shickshinny. This borough is within a short driving distance to Berwick, but it is also well served by other banks located in the borough.

Both offices have extended hours one night per week and Saturday hours. Both of the offices have extended drive through services and extended hours. Both offices offer ATM services. There are no stand-alone ATMs within the AA. During the evaluation period, FNB did not open or close any offices.

FNB offers an alternative delivery system through the Bank by Phone banking system. Bank by Phone provides telephone access to make transfers, verify balances, account history, stop payments, FNB principal loan payments, check rates, and branch hours and locations. FNB also offers an alternative delivery system through the On-Line banking system. On-Line banking provides all the same services as Bank by Phone as well as bill payment capabilities and check reorders. Finally, FNB offers an alternative delivery system through the Success Debit Card. Customers are able to access their deposit accounts at an ATM plus use it anywhere you see the Visa or Star logo as a debit to their deposit account. No documentation is maintained that illustrates how any of these alternative delivery systems serves low- and moderate-income customers and geographies. Therefore, we could not give these systems significant consideration in our rating.

Montour/Northumberland – Non-MSA

FNB's service delivery systems are accessible to geographies and individuals of different income levels in the assessment area. The bank operates five full service offices in this area. All offices are located in middle-income BNAs. There are no low-income geographies in the AA. No offices are located in the five moderate-income BNAs in the AA. However, one middle-income branch in the city of Shamokin is in an area surrounded by two moderate-income BNAs in the city. This is a small city and the office is readily accessible to the moderate-income areas. These BNAs are within walking distance to the branch office. FNB's branch network makes financial services available to the low- and moderate-income portions of the AA.

Office hours vary between the three offices located in Montour County and the two offices in Northumberland County. Extended evening hours are offered at all branches and Saturday hours. The abbreviated hours on Wednesdays are typical in this area. The main office does not have a drive-through, but the drive-through facilities located at the other offices have extended hours. During the evaluation period, FNB did not open or close any offices in this AA.

FNB has four automated teller machines (ATMs) located at branch offices. The main office does not have an ATM. All of the ATMs are located in middle-income geographies. There are no stand-alone ATMs.

FNB also offers all of the alternative delivery systems described for Columbia County – MSA 7560. No documentation is maintained that illustrates how this alternative delivery system serves low- and moderate-income customers and geographies. Therefore, we could not give these systems significant consideration in our rating.

Community Development Services

FNB provides a good level of community development services. They have participated in local homebuyers and budgeting counseling programs. Several bank employees/officers participate in community organizations. One of these organizations is an affordable housing group, one is a small business group, and three are community service organizations. Bank employees and officers use their financial expertise and banking knowledge to review budgets, allocation requests, and financial statements for these groups. Performance in each is described below.

Columbia County - MSA 7560

In this area, FNB's community development services include budget counseling and employee involvement in local organizations. A description of participation follows.

Berwick Chamber of Commerce - A bank officer uses his/her financial marketing expertise by providing guidance on marketing programs for small businesses.

Habitat for Humanity - A bank employee is a Board member of this affordable housing organization. They use their financial expertise to maintain books and records for the group and to provide guidance on projects. This employee is also member of the Family Selection Committee responsible for reviewing applicants' income and housing needs, and establishing affordable financing arrangements.

Montour/Northumberland – Non-MSA

FNB has a good volume of community development services in this area. The bank provides instructors and budget counseling for community programs and employees are active in local organizations. A description of their involvement follows.

Homeownership Training Seminar - The Penn State Extension program in conjunction with the Shamokin City Redevelopment sponsored the seminar. One bank employee was trained to conduct the required homeownership classes to qualified individuals applying through the city's program. The program provides down payment and closing cost assistance to qualified homebuyers as well as required homeownership training. It is targeted at low- and moderate-income individuals.

Housing Authority of Montour County/Family Self-Sufficiency Action Plan - A bank officer uses his financial expertise to assist the Authority in securing commitments of public and private resources to operating the program. The program assists in helping low- and moderate-income families to achieve economic independence through a coordinated program that combines Public Housing Assistance and Section 8 Housing Choice Voucher assistance with public and private supportive services.

Suncom Industries, Inc. - A bank officer is a member of the Board of this organization that provides vocational rehabilitation programming for low- and moderate-income mentally and physically handicapped individuals. The program trains individuals to be self sufficient, functionally independent, and allow the opportunity to receive wages for working. He uses his financial expertise to assist in exploring grants and bequests, monthly financial performance, and assisting management.

Trinity United Methodist Church - A bank officer is the finance chairman of the church board and uses his financial expertise to determine funding for various programs that assist low- and moderate-income individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in Lycoming County - MSA 9140 AA is not inconsistent with the bank's overall High Satisfactory performance under the Service Test. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

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): 01/01/00 to 12/31/02 Investment and Service Tests and CD Loans: 01/08/00 to 01/21/03	
Financial Institution	Products Reviewed	
FNB Bank, N.A. (FNB) Danville, Pennsylvania	HMDA products Small loans to businesses	
Affiliate(s)	Affiliate Relationship	Products Reviewed
NA	NA	NA
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Columbia County – MSA 7560 Montour/Northumberland- Non-MSA Lycoming County – MSA 9140	Full Scope Full Scope Limited Scope	NA

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Columbia County – MSA 7560.....	B-2
Montour/Northumberland – Non-MSA.....	B-3

Columbia County – MSA 7560

Demographic Information for Full-Scope Area: (Name of MA or Non-metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	15	0.00	6.67	86.67	6.67	0.00
Population by Geography	63,202	0.00	8.25	88.52	3.23	0.00
Owner-Occupied Housing by Geography	17,248	0.00	9.04	87.03	3.93	0.00
Businesses by Geography	3,883	0.00	7.52	85.68	6.80	0.00
Farms by Geography	256	0.00	3.13	95.70	1.17	0.00
Family Distribution by Income Level	16,657	16.22	22.80	27.91	33.07	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,499	0.00	12.49	85.46	2.05	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$30,676 = \$45,100 =10.95%	Median Housing Value Unemployment Rate				\$55,997 =5.5 %

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

FNB has one AA in MSA 7560 that consist of all of Columbia County. This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

FNB operates two offices and two ATMs in this AA. Major competitors include several other local community banks and offices of larger regional banks. FNB's total deposits from this area are 18%, but FNB still does well lending in this area ranked no lower than fourth in HMDA products and tenth in small loans to business for market share.

Unemployment in Columbia County is 5.5%, which is below the overall Pennsylvania state average. The major employers in Columbia County are Star-Kist Foods Inc., the Pennsylvania System of Higher Education and Wise Foods Inc.

Community Credit Needs

We contacted one housing group in Columbia County to discuss the credit needs in this AA. This contact did not identify an unmet credit needs. The community contact provided insight into the community development opportunities, which are limited in this AA.

Montour/Northumberland – Non-MSA

Demographic Information for Full-Scope Area: (Name of MA or Non-metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	18	0.00	22.78	55.56	16.67	0.00
Population by Geography	70,864	0.00	25.25	57.70	17.05	0.00
Owner-Occupied Housing by Geography	21,369	0.00	27.47	56.53	16.00	0.00
Businesses by Geography	3,447	0.00	26.11	59.38	14.51	0.00
Farms by Geography	178	0.00	2.81	71.91	25.28	0.00
Family Distribution by Income Level	19,591	16.22	21.10	23.21	36.86	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	7,822	0.00	34.22	56.05	9.73	0.00
Median Family Income	\$28,934	Median Housing Value Unemployment Rate				\$42,649 = 4.5%
HUD Adjusted Median Family Income for 2001	\$41,100					
Households Below the Poverty Level	13.4%					

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

FNB has AAs in this Non-MSA area, which consist of all Montour County and 14 Block Numbering Areas (BNAs) in Northumberland County. This AA meets the requirement of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

FNB operates five offices and four ATMs in this AA, including their main office. This is the bank's primary trade area with 78% of the deposits, and is ranked first in market share for all HMDA products and tenth in small loans to businesses. Competitors include several locally owned community banks and branches of regional institutions.

Unemployment rates in both counties are below the unemployment rate for the Commonwealth of Pennsylvania. The major employers in Montour County are Geisinger Medical Center and Pennsylvania State government. The major employers in Northumberland County are Weis Markets Inc., American Home Foods, and Northumberland County.

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: 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.

BANK, N.A.

Table 1. Lending Volume

LENDING VOLUME		Geography: FNB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Columbia County –MSA 75	26.56	500	32,801	63	4,463	0	0	0	0	563	37,264	18.00
Montour/Northumberland	56.32	1,044	58,404	131	8,721	19	806	0	0	1,194	67,931	78.00
Limited Review:												
Lycoming County-MSA 914	17.12	317	18,753	46	2,754	0	0	0	0	363	21,507	4.00

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From January 04, 2000 to January 21, 2002.

*** Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

BANK, N.A.

Table 1. Other Products

LENDING VOLUME		Geography: FNB						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
Columbia County –MSA 78	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Montour/Northumberland	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Limited Review:														
Lycoming County-MSA 914	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of December 31, 2002. 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, 2000 to December 31, 2002.

*** Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

BANK, N.A.

Institution ID: 1000000325 FNB

Table 1. Other Products

LENDING VOLUME		Geography: FNB		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Columbia County –MSA 78	0	0	0	0	0
Montour/Northumberland	0	0	0	0	0
Limited Review:					
Lycoming County-MSA 914	0	0	0	0	0

* The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: FNB					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					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						
Full Review:																
Columbia County –MSA 78	170	28.43	0.00	0.00	9.04	7.06	87.03	89.41	3.93	3.53	9.12	0.00	3.75	10.62	0.00	
Montour/Northumberland	325	54.35	0.00	0.00	27.47	14.15	56.53	50.77	16.00	35.08	16.80	0.00	11.21	16.81	20.59	
Limited Review:																
Lycoming County-MSA 9140	103	17.22	0.00	0.00	5.55	4.85	80.14	78.64	14.31	16.50	3.65	0.00	6.94	3.44	3.52	

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: FNB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						Market Share (%) by Geography				
MA/Assessment Area:	Total Home Improvement 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:																
Columbia County –MSA	102	23.67	0.00	0.00	9.04	8.82	87.03	87.25	3.93	3.92	7.14	0.00	20.00	6.17	0.00	
Montour/Northumberland	263	61.02	0.00	0.00	27.47	11.79	56.53	51.33	16.00	36.88	20.20	0.00	8.46	21.89	38.46	
Limited Review:																
Lycoming County-MSA 9140	66	15.31	0.00	0.00	5.55	3.03	80.14	75.76	14.31	21.21	2.55	0.00	0.00	2.70	2.35	

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE 2002		Geography: FNB								Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31,					
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:															
Columbia County –MSA	225	27.17	0.00	0.00	9.04	5.78	87.03	88.00	3.93	6.22	6.00	0.00	9.09	5.82	5.71
Montour/Northumberland	456	55.07	0.00	0.00	27.47	8.33	56.53	44.96	16.00	46.71	12.26	0.00	4.83	11.44	22.83
Limited Review:															
Lycoming County-MSA 9140	147	17.75	0.00	0.00	5.55	1.36	80.14	85.71	14.31	12.93	2.58	0.00	1.98	2.79	1.70

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: FNB								Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Columbia County –MSA	3	75.00	0.00	0.00	32.67	0.00	56.44	100.00	10.89	0.00	25.00	0.00	0.00	25.00	0.00
Montour/Northumberland	0	0.00	0.00	0.00	8.56	0.00	91.44	00.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Limited Review:															
Lycoming County-MSA 9140	1	25.00	0.00	0.00	47.15	0.00	33.57	100.00	19.29	0.00	4.55	0.00	0.00	11.11	0.00

* Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES 2002		Geography: FNB								Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31,					
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	Overall	Low	Mod	Mid	Upp
Full Review:															
Columbia County –MSA	63	26.25	0.00	0.00	7.52	4.76	85.68	80.95	6.80	14.29	2.34	0.00	1.25	2.35	5.97
Montour/Northumberland	131	54.58	0.00	0.00	26.11	5.34	59.38	54.96	14.51	39.69	3.31	0.00	0.00	3.26	14.91
Limited Review:															
Lycoming County-MSA 9140	46	19.17	0.00	0.00	25.14	54.35	58.58	28.26	16.28	17.39	0.53	0.00	2.39	0.17	0.60

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

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

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

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: FNB						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Columbia County –MSA 7	0	0.00	0.00	0.00	3.13	0.00	95.70	0.00	1.17	0.00	0.00	0.00	0.00	0.00	0.00
Montour/Northumberland	19	100.00	0.00	0.00	2.81	0.00	71.91	52.63	25.28	47.37	17.31	0.00	0.00	9.30	55.56
Limited Review:															
Lycoming County-MSA 9140	0	0.00	0.00	0.00	2.36	0.00	86.32	0.00	11.32	0.00	0.00	0.00	0.00	0.00	0.00

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

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

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: FNB					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****						
Full Review:																
Columbia County –MSA	170	28.43	16.22	11.45	22.80	21.69	27.91	33.13	33.07	33.73	9.12	23.26	8.44	11.56	8.18	
Montour/Northumberland	325	54.35	18.82	9.43	21.10	18.87	23.21	29.25	36.86	42.45	16.80	19.51	23.53	21.02	14.34	
Limited Review:																
Lycoming County-MSA 9140	103	17.22	17.34	7.00	19.58	16.00	25.21	29.00	37.87	48.00	3.65	8.20	2.61	3.83	3.99	

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 2.34% 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.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: FNB						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Columbia County –MSA	102	23.67	16.22	12.75	22.80	18.63	27.91	31.37	33.07	37.25	7.14	8.11	10.94	6.36	6.29
Montour/Northumberland	263	61.02	18.82	13.90	21.10	20.08	23.21	20.85	36.86	45.17	20.20	22.50	20.83	16.19	21.77
Limited Review:															
Lycoming County-MSA 9140	66	15.31	17.34	4.55	19.58	10.61	25.21	33.33	37.87	51.52	2.55	0.00	0.00	2.56	3.89

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 0.93% of loans originated and purchased by BANK.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE 2002			Geography: FNB						Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31,						
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:															
Columbia County –MSA	225	27.17	16.22	5.91	22.80	19.55	27.91	25.45	33.07	49.09	6.00	3.57	4.26	6.85	8.02
Montour/Northumberland	456	55.07	18.82	4.73	21.10	15.99	23.21	20.50	36.86	58.78	12.26	10.53	11.96	12.55	15.31
Limited Review:															
Lycoming County-MSA 9140	147	17.75	17.34	1.39	19.58	17.36	25.21	27.08	37.87	54.17	2.58	0.00	4.14	3.75	2.54

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 2.42% of loans originated and purchased by BANK.

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

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

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: FNB			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share		
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less	
Full Review:										
Columbia County –MSA	63	26.25	70.54	76.19	82.54	9.52	7.94	2.34	5.15	
Montour/Northumberland	131	54.58	68.29	75.57	83.21	12.21	4.58	3.31	6.07	
Limited Review:										
Lycoming County-MSA 9140	46	19.17	65.13	89.13	84.78	13.04	2.17	0.53	0.95	

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

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

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

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 6.25% of small loans to businesses originated and purchased by the bank.

Table12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: FNB			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Columbia County –MSA	0	0.00	96.09	0.00	0.00	0.00	0.00	0.00	0.00
Montour/Northumberland	19	100.00	93.82	94.74	94.74	0.00	5.26	17.31	22.50
Limited Review:									
Lycoming County-MSA 9140	0	0.00	95.28	0.00	0.00	0.00	0.00	0.00	0.00

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

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

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

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 5.26% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: FNB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Columbia County –MSA	1	54	1	18	2	133	16.00	0	0
Montour/Northumberland	1	234	7	85	8	140	17.00	0	0
Limited Review:									
Lycoming County-MSA 9140	3	123	10	318	13	559	67.00	0	0

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

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

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: FNB				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Columbia County –MSA	18.00	2	25.00	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	8.25	88.52	3.23
Montour/Northumberland	78.00	5	62.50	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	25.25	57.70	17.05
Limited Review:																	
Lycoming County-MSA 9140	4.00	1	12.50	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	11.50	75.10	13.40