



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

August 9, 1999

Community Reinvestment Act Performance Evaluation

**Security National Bank
Charter Number: 21644
1450 East High Street
Pottstown, Pennsylvania 19464**

**Comptroller of the Currency
Eastern Pennsylvania Field Office
Four Greenwood Square, Suite 120
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Bensalem, Pennsylvania 19020**

NOTE: This evaluation is not, nor should it 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. Upon the conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Security National Bank** by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 9, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

Primary factors supporting the bank's overall rating include:

- # A high percentage of loans are made within the assessment area.
- # Our analysis reflects good lending penetration throughout geographies with different income characteristics, including the two moderate-income census tracts within the bank's assessment area.
- # Overall, our review revealed adequate lending penetration to borrowers of different income levels and businesses of different sizes.
- # The bank has an adequate level of qualified community development investments and grants.
- # Service delivery systems are accessible to individuals and geographies of different income levels in the assessment area. The bank also provides a good level of community development services

The following table indicates the performance level of **Security National Bank** with respect to the

lending, investment, and service tests.

Table I. Results of Performance Tests

Performance Levels	Security National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory			X
Low satisfactory	X	X	
Needs to improve			
Substantial noncompliance			

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

Scope of the Examination

The large bank performance criteria was used to evaluate Security National Bank's (SNB) CRA performance because they are owned by a holding company with total bank assets of more than \$1 billion. The evaluation covers the time period of January 1, 1997 through August 9, 1999. Broken down further, this evaluation covers Home Mortgage Disclosure Act (HMDA) and community development lending activities for 1997, 1998, and through July 17, 1999. It covers small business lending activity for 1998 and the first two quarters of 1999. The bank was not required to report 1997 small business data because the holding company did not exceed \$1 billion in total asset size until mid-1997. SNB does not make small farm loans as agricultural lending is not prevalent within their assessment area.

The analysis is based on an evaluation of the bank's HMDA-loan activity reports (HMDA-LARs) and loan registers. We tested these reports for accuracy during the examination by reviewing a judgmental sample of loan files. Although HMDA errors were identified during this review, we determined the data is sufficiently accurate for the purposes of our examination. Specific loan products evaluated include: HMDA-reportable loans (i.e., home purchase mortgage, refinance, and home improvement loans), small business loans, and community development loans. We also evaluated community development investments, retail services, and community development services from January 1, 1997 through August 9, 1999. All loan products were given equal weighting in determining our final ratings. SNB's previous CRA examination was conducted as of June 14, 1996 and the bank was assigned a rating of Satisfactory.

Description of Institution

SNB is a \$108 million institution located in Pottstown, Pennsylvania. SNB is an intrastate bank offering a wide array of loan and deposit products. SNB is one of three banking subsidiaries within the holding company known as Harleysville National Corporation which has total assets of just over \$1.5 billion as of June 30, 1999. The other banks within the holding company are Harleysville National Bank (HNB) and Citizens National Bank. HNB is the lead bank within the holding company with total assets exceeding \$1 billion. There are no operating subsidiaries of the bank. There are also no other financial or legal impediments impacting SNB's ability to help meet community credit needs.

SNB operates four full service branches all located in northwestern Montgomery County and within the Philadelphia Metropolitan Statistical Area (MSA). The bank offers automated teller machines (ATMs) at all branches. Additionally, the bank offers a standalone ATM at a gas station in Stowe, Pennsylvania. Drive-through facilities are provided at all locations. No branches were opened or closed during the evaluation period.

As of June 30, 1999, SNB had total loans approximating \$81 million or 75% of total assets. The composition of the loan portfolio consists of commercial and commercial real estate loans at 38%, residential real estate loans at 35%, and consumer loans at 27%.

Competition is provided by a number of financial institutions who maintain banking offices in SNB's primary market area of northwestern Montgomery County. Primary competitors are Patriot Bank, National Penn Bank, Berks County Bank, First Union Bank N.A., Sovereign Bank, Diamond Federal Credit Union, and Tri-County Federal Credit Union.

Description of Assessment Area

SNB has defined one assessment area which covers segments of two MSAs: MSA 6160 - Philadelphia (Montgomery and Chester Counties), and MSA 6680 - Reading (Berks County). The assessment area contains a total of thirty-eight census tracts (CTs). Most tracts (20) are in northwestern Montgomery County, with the remaining CTs in northeastern portions of Chester County (9 tracts) and southeastern portions of Berks County (9 tracts). There are no low-income CTs and only two moderate-income CTs (5%) within the assessment area. The majority of tracts (27) are designated middle-income (71%) while the remaining eight CTs are upper-income (21%). Data was not available for one tract (3%) located in Chester County.

The bank has specified only one assessment area because they do not have a significant presence in Berks County (MSA 6680). The nine CTs in MSA 6680 which are included in SNB's assessment area do not extend substantially beyond the border of the Philadelphia MSA. They comprise only 11.8% of the MSA's total tracts and 18.1% of its total population. Most of SNB's business is generated within the Philadelphia MSA. The bank's four branch locations are also all located within the

borough of Pottstown in Montgomery County and the Philadelphia MSA. Additionally, the bank has no definitive plans of expanding their assessment area further into Berks County in the near future.

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

Detail of the demographics of the assessment area is included in the following table.

Assessment Area Demographic Profile				
Census Tract Characteristic	Number of Census Tracts	Percentage of Total Tracts	Percentage of Population	Percentage of Families
Low	0	0%	0%	0%
Moderate	2	5%	6%	5%
Middle	27	71%	68%	69%
Upper	8	21%	26%	26%
NA	1	3%	<1%	0%
Total	38	100%	100%	100%

* NA denotes census tract characteristic not available

As noted earlier, the assessment area contains no low-income CTs and only two moderate-income CTs. The vast majority of CTs, and in turn the assessment area's population, are within middle- and upper-income tracts.

Based on 1990 census data, SNB's assessment area has a population of 146,912 which includes total families of 41,318. The average updated median family income per Department of Housing and Urban Development (HUD) guidelines is \$53,847. The census median family income is \$40,924. Of the 57,113 total housing units, 86% are one-to-four family units. Owner-occupied housing and rental occupied housing represent 73% and 23% of the total housing units available. Vacant housing units represent the remaining 4% of the total housing units. The average age of housing units in the assessment area is thirty years, and the average cost of these units is \$108,292.

Based on discussions with management, the bank's local economy is considered stable and the employment base is very diversified. Major industries include independent health care providers, computer software companies, law firms, and local school districts. The unemployment rate for the bank's main market area of Montgomery County for July 1999 is low and stable at 2.7%.

Unemployment in Berks County for the same timeframe is higher at 4.0%. Major employers include Pottstown Memorial Medical Center, Pottstown School District, Pottsgrove School District, Owen J. Roberts School District, Dana Corporation, PECO Energy, and Occidental Chemical Corporation.

Credit needs of the community were determined during this examination through discussions with management and by a face-to-face interview with the President of a relatively new retirement community located in Pottstown. This individual intends to lead an effort designed to purchase and rehabilitate approximately fifty low-and moderate-income housing units within the Washington and Beech Street areas in the borough of Pottstown. This five to six block area, which is designated as a moderate-income geography, is in dire need of such action.

Both the community contact and management at SNB strongly indicated that the primary credit need within the assessment area is affordable mortgage financing, including low- and moderate-income housing within the borough of Pottstown. Small business loans are a secondary need. There are a number of vacant storefronts within Pottstown. Improvements need to be made within the city before Pottstown can reasonably hope to attract a significant level of new business activity.

Conclusions with Respect to Performance Tests

Lending Test

Lending Activity

SNB's lending levels reflect good responsiveness to assessment area credit needs. SNB originated 239 HMDA-reportable loans within its assessment area for approximately \$18 million in 1997, 1998, and through July 17 of 1999. In 1997, SNB does not rank high with a market share of 1.03% within their assessment area compared to the first ranked HMDA lender with a 5.42% share. However, SNB is a much smaller institution than each bank with a higher ranking. Additionally, SNB's HMDA lending levels have more than doubled in 1998, and they are on a similar pace for 1999. Market share data for 1998 and 1999 was not available at the time this report was issued.

SNB is active in small business lending. During 1998 and the first two quarters of 1999, SNB originated 77 small business loans for approximately \$8.6 million. No market share data is available since SNB was not required to report small business lending in 1997. As noted earlier in this evaluation, SNB is not in the business of small farm lending.

The bank's average loan-to-deposit ratio since the last examination (past thirteen quarters) is 83.98%. This figure is well above the national peer average of 69.87% over the same period. In general, SNB has experienced significant loan growth during the past two years. Real estate loans grew by 45% in 1997 and 29% in 1998. This growth has been predominantly in residential real estate loans which has

been cited as the primary credit need within the bank's assessment area. *See Table 1 in the Appendix section of this report for further details on lending volume.*

Assessment Area Concentration

SNB originates a high percentage of loans in its assessment area. During 1997, 1998, and through July 17 of 1999, 77.4% of the number and 71.5% of the dollar amount of total HMDA originations were within the assessment area. During 1998 and the first two quarters of 1999, 82.8% of the number and 77.7% of the dollar amount of small business loan originations were within the assessment area.

Geographic Distribution of Loans

Our analysis reflects good lending penetration throughout geographies with different income characteristics within SNB's assessment area. As noted earlier in this evaluation, there are no low-income and only two moderate-income census tracts within the bank's assessment area. Thus, the vast majority of SNB's census tracts are designated middle- and upper-income. We found no conspicuous gaps in the bank's lending patterns within their assessment area during our review. HMDA-related lending patterns are, for the most part, consistent with the owner-occupied housing percentages within moderate, middle, and upper-income CTs in the assessment area.

A significant majority of HMDA-related loans (78%) are made in middle-income tracts while 68% of all owner-occupied units are located within such tracts. HMDA lending levels within SNB's two moderate-income tracts is considered good. Owner-occupied housing within these CTs is 4.29% of the total within the entire assessment area. In turn, 4.94% of SNB's home mortgage refinance loans and 4.29% of their home improvement loans have been originated within the two moderate-income tracts. Lending levels for home purchase mortgages within the moderate-income tracts has not kept pace as only 1.14% of such loans are made within these CTs.

Market share data for 1997 within the two moderate-income tracts reflects favorably on the bank. Specifically, SNB has a market share of 2.19% for home mortgage refinance loans, 4.05% for home improvement loans, and 1.14% for home purchase loans. These percentages are much higher than the bank's market share within middle- and upper-income CTs. These percentages are also particularly high given the relatively small asset size of this institution. *See Tables 2-4 in the Appendix section of this report for further details on the geographic distribution of HMDA-related loans.*

SNB's small business lending performance within its two moderate-income tracts has been excellent as 17.7% of its small business loans have been originated within these CTs during the evaluation period. This is compared to the fact that only 8.7% of all small businesses within the assessment area are located in moderate-income CTs. Market share data by geography for 1997 is not available as SNB was not required to report small business lending activity at that time. *See Table 5 in the Appendix section of this report for further details on the geographic distribution of loans to small*

businesses.

Lending to Borrowers of Different Income Levels

Overall, our review revealed adequate lending penetration to borrowers of different income levels, including low- and moderate-income borrowers. For 1997, 1998, and through July 17, 1999, 24.7% of total HMDA-related originations were to low- and moderate-income borrowers which is considered adequate given that 31.1% of total families within the assessment area are designated as low- and moderate-income. Broken down further, 19.3% of total HMDA loans were originated to moderate-income borrowers compared to total moderate-income families of 18.6% within the assessment area. Additionally, 5.4% of all HMDA originations were made to low-income borrowers versus total low-income families of 12.5% within the assessment area.

SNB's performance regarding home mortgage refinance loans to moderate-income borrowers was excellent as 25.9% of all such loans were made to moderate-income borrowers compared to a total of 18.6% moderate-income families living within the assessment area. Home improvement borrower distribution is also good as the percentage of home improvement loans originated to both low- and moderate-income borrowers approximates the percentage of such families residing in the assessment area. Specifically, 12.9% of all home improvement loans were extended to low-income borrowers compared to a total of 12.5% low-income families living within the assessment area. Also, 15.7% of such loans were made to moderate-income borrowers compared to a total of 18.6% moderate-income families residing within the assessment area.

As noted above, the percentage of HMDA loans (mainly home purchase and refinance mortgages) originated to low-income borrowers during the rating period was below the percentage of low-income families in the assessment area. The bank's performance in lending to low-income borrowers can largely be explained by the lack of affordable housing options within the assessment area. While low-income families earn approximately \$26,924 annually, the average cost for owner-occupied housing is \$108,292.

Lender market share reports for 1997 HMDA-reportable loans show SNB has approximately only a 1% share of such loans. However, this is considered reasonable given the bank's small asset size in relation to the other financial institutions within its assessment area. When broken out by product type, SNB's market share for home improvement loans to low-income borrowers is very good at 2.8%. SNB's market share for refinance mortgages to moderate-income borrowers is also good at 1.4%. Additionally, the bank's overall HMDA market share to low- and moderate-income borrowers is good when compared to its market share to middle- and upper-income borrowers. *See Tables 7-9 in the Appendix section of this report for further details on Lending to Borrowers of Different Income Levels.*

Lending to Small Businesses

SNB's lending to small businesses is adequate. As noted earlier in this evaluation, SNB does not make small farm loans. During 1998 and the first two quarters of 1999, SNB originated 77 small business loans for approximately \$8.6 million.

There are 3,425 companies which qualify as small businesses representing 90.7% of total businesses within the assessment area. There are also 137 small farms which equate to 99.2% of total farms within the assessment area. During the evaluation period, 63.6% of SNB's small business loans were made to businesses with less than or equal to \$1 million in gross annual revenues. This is good compared to the fact that 50.4% of all small business loans extended by every financial institution within the bank's assessment area were to businesses with less than or equal to \$1 million in gross annual revenues. Additionally, the majority of all small business (64.9%) loans originated during the evaluation period were for less than \$100,000. As noted earlier in this evaluation, no market share data for 1997 is available since the bank was not required to report small business lending until 1998. *See Tables 10-11 in the Appendix section of this report for further details on borrower distribution of small business and small farm loans.*

Community Development Lending

No loans have been originated in SNB's assessment area that qualify as community development lending.

Product Innovation

SNB does use flexible lending practices in order to serve the credit needs of its assessment area. Namely, the bank has a First Time Homebuyer Community Development Mortgage Program. Specifics of this program are as follows:

SNB will finance up to 95% of the home purchase price or the appraised value (the lower of the two).

Reduced interest rates and application and processing fees.

Flexible repayment plans are available.

In order to qualify, applicants' income cannot exceed \$30,000 individually or \$45,000 for a family. During the evaluation period, SNB extended eighteen loans under this program for a total of \$1,416,155. Loans made in conjunction with this program as a percentage of all mortgage loans totaled 9.7% in 1998 and 14.2% in 1997. Such loans also totaled 7.8% of all loans extended by SNB in 1998 and 8.7% in 1997.

Investment Test

The bank has an adequate level of qualified community development investments and grants. SNB has extended \$251,000 in qualified community investments and grants during the evaluation period, which is considered ample given the level of opportunities available within its assessment area coupled with the asset size of the bank. Investment opportunities exist, but they are not widely available. Typical opportunities include securities backed by loans to low- and moderate-income borrowers, equity investments in low-income housing projects, and grants/donations to qualified local organizations.

In July of 1999, SNB purchased a \$250 thousand GNMA mortgage-backed security (MBS) backed solely by home mortgage loans to low- and moderate-income borrowers. Approximately half of these loans were made within the Philadelphia MSA. Loans were also extended throughout other portions of eastern Pennsylvania and a broader state-wide area.

SNB made two separate \$500 donations totaling \$1,000 to a local community development corporation. This organization's mission is to enhance the economic well-being of the Greater Pottstown area and its member municipalities through an established program of work in cooperation with other local economic development organizations, agencies, and government. The organization also directly promotes economic development by providing financial assistance to small businesses. *See Table 12 in the Appendix section of this report for further details on qualified investments.*

Service Test

Retail Banking Services

SNB's service delivery systems are accessible to individuals and geographies of different income levels in the assessment area. SNB provides banking services throughout the main trade area of its assessment area with four branch locations all located in northwestern Montgomery County and within the borough of Pottstown. Additionally, two of the four branches are located within the two moderate-income CTs within the bank's assessment area. The bank's two other branches are both located in middle-income CTs.

The bank offers ATMs at all branches while also offering a remote ATM in an area of Montgomery County not near its branch network. Drive-through facilities are provided at all locations. No branches were opened or closed during the evaluation period. However, the bank's North End branch was relocated approximately one mile from its previous location. Although the branch remains in a middle-income CT, it is now much closer to the center of town and a moderate-income CT. The new location is more convenient to all residents of Pottstown, including low- and moderate-income individuals. Office hours, which have recently been expanded, meet the convenience and needs of the entire community. SNB offers extended weekday hours at all locations. Additionally, Monday through

Thursday hours were extended from 4:00 P.M. to 5:00 P.M. at all locations in an effort to better serve their community. In comparison, the vast majority of banks within SNB's assessment area close as early as 3:00 P.M. on these days. SNB offers extended hours on Fridays at all locations and Saturday hours at three of four locations, including the two branches located within moderate-income CTs. Formerly, Saturday hours were offered at two locations, but this was changed when the North End branch was relocated during July of 1999.

Services do not vary in any way that inconvenience low- and moderate-income individuals living within the assessment area. Actually, SNB's services are more convenient to the low- and moderate-income segment of its population due to the respective locations of its four branches. Low- and moderate-income families comprise 57.1% of total families living within the two moderate-income CTs within SNB's assessment area. As noted above, two of SNB's branches are located in these areas. Broken down further, low- and moderate-income families comprise 31.8% of total families residing within all middle-income CTs and 23.9% within all upper-income CTs within the bank's assessment area. *See Table 13 in the Appendix section of this report for further details on the distribution of the branch and ATM delivery system.*

SNB offers a standard array of products and services that are appropriate for an institution of its size and capacity. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers. The bank provides alternative systems for delivering retail banking services to its community, including Web banking on the Internet, bank-by-phone, bank-by-mail, and ATMs. Web banking, which was introduced in 1999, offers customers convenient bill payment options, easy account access, and free funds transfers. In evaluating the bank's services, we did not place significant weight on ENB's alternative delivery systems because they do not track how well these systems actually reach low- or moderate-income individuals.

SNB offers a free regular checking account that could appeal to low- and moderate-income customers. This non-interest bearing product has no minimum balance requirements and no per check charges. Loan products include fixed rate unsecured and secured consumer loans with no minimum loan amount.

Community Development Services

SNB provides a good level of community development services within its assessment area. Specifically, two members of senior management lend their financial expertise through their membership on the Board of Directors of a local community development corporation. This organization's mission is to enhance the economic well-being of the Greater Pottstown area and its member municipalities through an established program of work in cooperation with other local economic development organizations, agencies, and government. The organization also directly promotes economic development by providing financial assistance to small businesses. A member of SNB's management team also serves on a committee which works with a local high school and local small businesses to promote career

opportunities and technology education. Although this program encompasses all segments of the population, it primarily benefits individuals from low- and moderate-income families. A member of senior management serves on another local committee along with various community and civic leaders who meet regularly to discuss the needs for the Greater Pottstown community. A major focal point on an ongoing basis is Pottstown's low- and moderate-income population and the lack of suitable affordable housing options. Management at SNB understands that this is a problem which needs to be addressed.

Senior management is currently working with a local minority- and woman-owned business enterprise. This entity, which qualifies as a small business, packages items for other companies and hires only low- and moderate-income individuals while also providing transportation to and from work. The principal of this business is somewhat inexperienced in financial matters. In turn, management at SNB offers advice and financial guidance to this business on an as needed basis.

Management conducts a school banking program at a local elementary school located in a moderate-income CT. A significant majority of the children attending this school are from low- and moderate-income families. Management lends their financial expertise by educating these students about basic aspects of the financial world. A representative from SNB goes to the school on a periodic basis to share a "Banking Goes to School" presentation with the students. Students also tour the bank in an effort to familiarize them with typical banking activities. Additionally, the bank has established savings programs with these children.

Compliance with Antidiscrimination Laws

A fair lending review performed in conjunction with this CRA examination revealed that SNB is complying with fair lending regulations. During this examination we reviewed all applications, both approved and denied, for home purchase mortgages received by the bank from January 1, 1999 through July 6, 1999 for consistent underwriting and loan terms. No violations of the substantive provisions of the antidiscrimination laws were discovered.

APPENDIX A

Scope of Examination	
Time Period Reviewed	January 1, 1997 through August 9, 1999

Financial Institution: Security National Bank Pottstown, Pennsylvania	Products Reviewed: HMDA Reportable Loans, Small Business Loans, Community Development Loans, Investments, and Services		
Affiliates	Affiliate Relationship	Products Reviewed	
Security National Bank is a banking subsidiary of the holding Company known as Harleysville National Corporation. Both Citizens National Bank and Harleysville National Bank are affiliates of SNB and affiliates of the holding company.			
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
The bank's sole AA includes portions of MSA 6160 and MSA 6680	On-Site	SNB's East End & Train Station branches. (2 of 4 total branches visited)	None

Content of Standardized Tables

A separate set of tables is provided for each state. 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; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- 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 rank and 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 Refinance Loans** - See Table 2.
- Table 5. 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.

Table 10. 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 11. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 12. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population 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 MSA/assessment area.

Table 1. Lending Volume

Charter Number: 21644

LENDING VOLUME State: Pennsylvania Evaluation Period: January 1, 1998 and First Two Quarters of 1999 for Small Business & Small Farm Loans January 1, 1997 through July 17, 1999 for Home Mortgage and Community Development Loans												
MSA /Assessment Area	% of Total bank Deposits in Rated Area *	Home Mortgage		Small Business		Small Farms		Community Development		Total Reported Loans		% of Total reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Scope:												
One AA comprised of portions of MSA 6160 & 6680.	NA	239	18,067	77	8,596	0	0	0	0	316	26,663	100
Limited Scope:												

(*) Information not available as SNB does not track where its deposit accounts are originated.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Charter Number: 21644

Geographic Distribution: HOME IMPROVEMENT State: Pennsylvania Evaluation Period: January 1, 1997 through July 17, 1999																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
One AA comprised of portions of MSA 6160 & 6680.	0.0	0.0	4.29	4.29	67.77	75.71	27.94	20.0	16	1.34	0.0	4.05	1.38	0.41	70	100
Limited Scope:																

(*) Based on 1997 aggregate HMDA data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Charter Number: 21644

Geographic Distribution: HOME MORTGAGE REFINANCE State: Pennsylvania Evaluation Period: January 1, 1997 through July 17, 1999																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
One AA comprised of portions of MSA 6160 & 6680.	0.0	0.0	4.29	4.94	67.77	81.48	27.94	13.58	30	0.97	0.0	2.19	0.96	0.82	81	100
Limited Scope:																

(*) Based on 1997 aggregate HMDA data only.

Table 6. Geographic Distribution of Small Farm Loan Originations

Charter Number: 21644

Geographic Distribution: SMALL FARM State: Pennsylvania Evaluation Period: January 1, 1998 and the First Two Quarters of 1999																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Fams	% BANK Loans	% of Fams	% BANK Loans	% of Fams	% BANK Loans	% of Fams	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
One AA comprised of portions of MSA 6160 and 6680	0.0	0.0	4.38	0.0	69.32	0.0	24.80	0.0	NA	NA	NA	NA	NA	NA	0	NA
Limited Scope:																

(*) As noted earlier in this evaluation, SNB does not extend small farm loans. Additionally, 1997 market share data is not available for this bank, nor is it applicable.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Charter Number: 21644

Borrower Distribution: HMDA HOME PURCHASE State: Pennsylvania Evaluation Period: January 1, 1997 through July 17, 1999																
MSA /Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
One AA comprised of portions of MSA 6160 & 6680	12.51	3.41	18.64	15.91	27.74	32.95	41.12	47.73	27	0.97	0.87	1.14	1.08	0.87	88	100
Limited Scope:																

(*) As a percentage of loans with borrower income information available. Information was available for all loans originated by SNB.

(**) Based on 1997 aggregate HMDA data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Charter Number: 21644

Borrower Distribution: SMALL BUSINESS State: Pennsylvania Evaluation Period: January 1, 1998 and the First Two Quarters of 1999											
MSA /Assessment Area	Business with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Business Loans		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less %	>\$100,00 to \$250,000 %	>\$250,000 to \$1,000,000 %	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full Scope:											
One AA comprised of portions of MSA 6160 & 6680	90.68	63.63	50.46	64.94	7.79	15.58	NA	NA	77	100	111
Limited Scope:											

(*) As a percentage of businesses with known revenues.
 (**) As a percentage of loans with revenue information available. No information was available for 16.3% of loans originated by SNB.
 (***) The market consists of all other small business reporters in SNB’s assessment area and is based on 1997 aggregate small business data
 (****) Market share data for 1997 is not applicable since SNB was not required to report small business lending until 1998.

Table 11. Borrower Distribution of Small Farm Loan Originations

Charter Number: 21644

Borrower Distribution: SMALL FARM State: Pennsylvania Evaluation Period: January 1, 1998 and the First Two Quarters of 1999											
MSA /Assessment Area	Farm with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans		
	% of Fams*	% BANK Loans**	% Market Loans***	\$100,000 or Less %	>\$100,00 to \$250,000 %	>\$250,000 to \$1,000,000 %	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Full Scope:											
One AA comprised of portions of MSA 6160 & 6680	99.27	NA	100.0	0.0	0.0	0.0	NA	NA	0	NA	NA
Limited Scope:											

(*) As a percentage of Farms with known revenues. No information was available for 6.3% of the farms within SNB’s assessment area.
 (**) Not applicable because SNB does not make small farm loans.
 (***) The market consists of all other small farm reporters in SNB’s assessment area and is based on 1997 aggregate small farm data only.
 (****) Market share data is not applicable since SNB does not extend small farm loans.

Table 12. Qualified Investments

Charter Number: 21644

QUALIFIED INVESTMENTS State: Pennsylvania Evaluation Period: January 1, 1997 to August 9, 1999									
MSA /Assessment Area	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full Scope:									
One AA comprised of portions of MSA 6160 & 6680	0	0	0	3	251	100	3	251	100
Limited Scope:									

(*) “Prior period investments” means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in the assessment area that are prior period investments or current period investments.

Table 13. Distribution of Branch and ATM Delivery System

Charter Number: 21644

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM State: Pennsylvania Evaluation Period: January 1, 1997 to August 9, 1999																	
MSA /Assessment Area	Deposits	Branches						ATMs						Population			
	% of Total BANK Deposits *	# of BANK Branches	% of Total BANK Branches	Location of Branches by Income of Geographies (%)				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies (%)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Scope:																	
One AA comprised of portions of MSA 6160 & 6680	NA	4	100.0	0.0	50.0	50.0	0.0	5	100.0	0.0	40.0	60.0	0.0	0.0	5.98	68.39	25.56
Limited Scope:																	

(*) Information not available as SNB does not track where its deposit accounts are originated.