



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

December 11, 2006

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Citizens National Bank  
Charter Number: 13618

15 South Main Street  
Mansfield, PA16933

Office of the Comptroller of the Currency

NORTHERN PENNSYLVANIA FIELD OFFICE  
60 Public Square, Suite 602  
Wilkes-Barre, PA18701

**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 **First Citizens National Bank** with respect to the Lending, Investment, and Service Tests:

| Performance Levels        | First Citizens National Bank<br>Performance Tests |                 |              |
|---------------------------|---|-----------------|--------------|
|                           | Lending Test*                                     | Investment Test | Service Test |
| Outstanding               |   |                 |              |
| High Satisfactory         | X   | X               | X            |
| Low Satisfactory          |   |                 |              |
| Needs to Improve          |   |                 |              |
| Substantial Noncompliance |   |                 |              |

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

The major factors that support this rating include:

- The performance under the lending test in both assessment areas is good;
- A substantial majority of home mortgage loans and small loans to businesses are originated within the assessment areas (AAs);
- Community development lending had a positive effect on the bank’s ratings;
- In both assessment areas, the level of community development lending is good; and
- The bank’s performance in both AA’s under the service test is good.

## Definitions and Common Abbreviations

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

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

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

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

First Citizen's National Bank (FCNB) is headquartered in Mansfield, Pennsylvania and, as of June 30, 2006 had \$551 million in total assets. FCNB is a wholly owned subsidiary of Citizen's Financial Services Incorporated, a one-bank holding company also located in Mansfield Pennsylvania. The bank operates in a rural, non-MSA area. FCNB has one operating subsidiary, First Citizens Insurance Bank Agency. During the evaluation period, the bank acquired two branches in Pennsylvania and one New York branch from other financial institutions.

FCNB is an interstate institution with 15 branches throughout Tioga, Bradford, and Potter counties in Pennsylvania and 1 branch in Allegany County, New York. Allegany County was designated as a distressed middle-income county. In addition to operating ATMs at each branch location, the bank maintains a stand-alone ATM at Mansfield University. During the evaluation period, FCNB opened one new branch, consolidated two branches, closed one branch, and closed one stand-alone ATM location.

The bank's business focus is providing retail banking services to the community. FCNB offers a full range of loan, deposit, and trust services and the offers phone and internet banking.

As of June 30, 2006 FCNB had net loans of \$398 million or 72% of total assets. The loan portfolio is comprised of 53% residential real estate loans, 31% commercial and commercial real estate loans, 11% municipal loans, 4% consumer loans, and 1% agricultural loans. Tier 1 Capital is \$35 million and the tier one leverage ratio is 6.60%.

FCNB received an "Outstanding" rating at their last CRA performance evaluation dated March 10, 2003.



## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The evaluation period for the lending test is from January 1, 2003 through December 31, 2005. The evaluation period for the community development lending, investment and service tests covers activities from March 10, 2003 through December 11, 2006.

In December 2000, the Office of Management and Budget (OMB) revised its standards for defining Metropolitan Areas. OMB finalized new metropolitan statistical area (MSA) boundaries in February 2004 making changes that were retroactive to December 2003. OMB changed the boundaries of many existing MSAs, created new MSAs, and created some new types of statistical areas. Because the evaluation period for this examination covers January 1, 2003 through December 31, 2005, we did not combine data prior to 2004 with data after 2004 because of these OMB changes.

### **Data Integrity**

Prior to this evaluation, the HMDA and CRA data used in this exam was evaluated for consistency and accuracy during a data integrity examination. No issues were identified.

### **Selection of Areas for Full-Scope Review**

Refer to the "Scope" section under the State Ratings section for details regarding how the areas were selected.

### **Ratings**

The bank's overall rating is a blend of the state ratings. The bank's activities within the Pennsylvania non-MSA assessment area were given the most weight as all but one of the bank's branches are located in the PA AA. Consequently, the vast majority of bank's business originates from within this AA. The New York non-MSA assessment area was given less weight, as the bank did not have branches within the assessment area until 2005.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

### State of PENNSYLVANIA

|                                      |                          |
|--------------------------------------|--------------------------|
| <b>CRA Rating for Pennsylvania:</b>  | <u>SATISFACTORY</u>      |
| <b>The lending test is rated:</b>    | <b>High satisfactory</b> |
| <b>The investment test is rated:</b> | <b>High satisfactory</b> |
| <b>The service test is rated:</b>    | <b>High satisfactory</b> |

The major factors that support this rating include:

- The lending test for the bank's AA in Pennsylvania showed responsiveness to community credit needs. Geographic distribution of both HMDA products is good, while borrower distribution to small business and farms is excellent;
- Community development lending had a positive effect on the rating;
- The level of community development investments is good;
- Retail services are readily accessible throughout the assessment area; and
- The level of community development services is good.

### Description of Institution's Operations in PENNSYLVANIA

FCNB is an interstate institution with 15 branches throughout Tioga, Bradford, and Potter counties in Pennsylvania. In addition to operating ATMs at each branch location, the bank maintains a stand-alone ATM at Mansfield University. These branches are located throughout three counties: Tioga, Potter, and Bradford. These counties, in their entirety, constitute the bank's assessment area within the state. The area is a non-MSA assessment area and is comprised of 29 tracts, one of which is moderate-income. The remaining 28 tracts are all middle-income. The area is rural and economic growth is limited. Consequently, there are few other banks with significant operations in the area. FCNB competes for deposits with several other nationally and state-chartered banks. Within the counties of the assessment area, the bank maintains a significant deposit market share, as do two or three other institutions in each county.

Refer to the Market Profiles in appendix C for detailed demographics and other performance context information for the AA.

## State Rating

### State of NEW YORK

|                                      |                            |
|--------------------------------------|----------------------------|
| <b>CRA Rating for New York:</b>      | <b><u>Satisfactory</u></b> |
| <b>The lending test is rated:</b>    | <b>High satisfactory</b>   |
| <b>The investment test is rated:</b> | <b>Low satisfactory</b>    |
| <b>The service test is rated:</b>    | <b>High satisfactory</b>   |

The major factors that support this rating include:

- The lending test for the bank’s sole assessment area in New York showed responsiveness to community credit needs. Geographic distribution of both HMDA products is good, while borrower distribution for home purchase loans, small loans to business and small loans to farms is excellent;
- The level of community development investments is adequate; and
- The level of community development services is good.

### Description of Institution’s Operations in NEW YORK

First Citizens National Bank’s operations within the New York AA are limited compared with those in Pennsylvania. The bank opened its first branch in the state in 2005. The AA encompasses Allegany County and contains 13 census tracts, and none are designated low- or moderate-income. Allegany County is designated as a distressed nonmetropolitan middle-income geography (as defined in the CRA regulation).

As the bank has only one new branch, operations in the AA are limited compared with those in Pennsylvania. However, economic and competitive conditions are similar to those in the bank’s adjoining Pennsylvania AA. The bank competes with four other nationally and state chartered institutions in the county for deposits. In aggregate, two of these institutions have captured approximately 90% of deposits. First Citizen’s retains a marginal market share in the AA.

Refer to the Market Profiles in appendix C for detailed demographics and other performance context information for the AA.

## **Scope of Evaluation in Pennsylvania and New York**

Each state had one assessment area. Both assessment areas are non-MSAs. The bank's activities in the Pennsylvania non-MSAs were weighted more heavily than the New York activities due to the limited time that the bank has had a presence in that state as well as their single branch site in New York.

During the examination, a community contact was consulted to assist in identifying the needs of the bank's AAs. The contact was the director of a local non-profit economic development organization. Improving access to secondary education, developing local infrastructure, and funding for local economic activities were all identified by the contact as needs within the AA. The bank's ability to assist with these needs and its past performance in doing so was assessed during this review.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in both states is rated "High Satisfactory."

### Lending Activity

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

An indicator that the bank is lending is the loan to deposit ratio. Over the course of evaluation, the bank's quarterly average ratio was 82%. For comparison, the average loan to deposit ratio for the bank's peer group was also 82%. The bank maintains significant deposit market share alongside 2-3 other banks in all Pennsylvania counties, but has marginal deposit market share in the newer AA with a single branch, New York.

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

#### *Home Mortgage Loans*

Refer to Tables 2, 3, 4 and 5 of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases. Geographic distribution of multi-family and home-improvement loans is not discussed. The bank originated no loans of these types within the AA during the evaluation period, therefore, an analysis is not meaningful.

#### **Performance in the Pennsylvania Non-MSA Assessment Area:**

Home purchase loan geographic distribution is good. For the evaluation period, the percentage of home purchase loans made to borrowers within the single moderate-income tract within the AA was near to the relevant census statistic.

The home mortgage refinance loan geographic distribution is good. For the evaluation period, the number of loans made to individuals within the moderate-income tract was near to the census statistic.

#### **Performance in the New York Non-MSA Assessment Area:**

The New York Non-MSA AA contains no low- or moderate-income geographies. However, the AA has been designated as distressed middle-income geography. The geographic distribution of home purchase loans is good. The bank's entire portfolio of home purchase loans is made to borrowers in middle-income geographies. As the area is distressed, additional weight is given to this lending activity.

The geographic distribution of home mortgage refinance loans is good, as all of Allegany County has been designated as a distressed nonmetropolitan middle-income geography.

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

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

#### **PA AA**

Geographic distribution of small loans to businesses is adequate. The percentage of bank loans is less than the relevant census statistic. However, the opportunity to lend within low- or moderate-income tracts is limited as there is only one moderate-income tract within the Pennsylvania Non-MSA AA.

#### **NY AA**

Geographic distribution of small loans to businesses is good. There are no low- or moderate-income tracts within the AA, but the AA has been designated as a distressed nonmetropolitan middle-income geography.

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

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

#### **PA AA**

Geographic distribution of small loans to farms is adequate. Though there are currently no small loans to farms within low- or moderate-income geographies, the opportunities for the bank to lend are limited as there is only one moderate-income tract within the Pennsylvania Non-MSA AA.

#### **NY AA**

Geographic distribution of small loans to farms is good. There are no low- or moderate-income tracts within the assessment area, but Allegany County has been designated a distressed area and all farm loans were made to middle-income geographies. However, given the limited number of small farm loans made by the bank in the assessment area, this part of the lending test is not weighted heavily.

### ***Lending Gap Analysis***

No conspicuous gaps appear in FCNB's lending patterns throughout the AAs.

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

An analysis of the bank's lending within its assessment areas was performed. Ninety-five percent, a substantial majority of the bank's HMDA lending between 2003 and 2005, occurred

within the bank's assessment area. A high level of lending within the bank's AA reflects favorably on the bank's distribution of lending by income level of geography.

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

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

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

#### **PA AA**

Home purchase loan borrower distribution within the Pennsylvania non-MSA AA is good. Lending to low-income borrowers has improved from 2003 but remains somewhat lower than the census statistic. The bank's percentage of lending to low-income borrowers is near to the percentage of low-income families.

The borrower distribution of home mortgage refinance loans is adequate. Lending to low-income borrowers is somewhat lower than the percentage of low-income families in the AA for the 2004-2005 period. In 2003, lending to low-income borrowers was lower than the census statistic. The bank's percentage of lending to moderate-income borrowers is near to the percentage of moderate-income families.

#### **NY AA**

Home purchase loan borrower distribution within the New York non-MSA is excellent. The percentage of bank loans to low-income borrowers exceeds the percentage of low-income families. The percentage of bank loans to moderate-income borrowers is near to the percentage of moderate-income families.

The borrower distribution of home mortgage refinance loans is adequate. The percentage of bank loans made to low-income borrowers is lower than the percentage of low-income borrowers in the assessment area. The percentage of bank loans made to moderate-income borrowers is near to the percentage of moderate-income families within the assessment area.

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

Refer to Table 11 in the state of Pennsylvania and New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

#### **PA AA**

Distribution of small loans to businesses is excellent. The percentage of small loans made to businesses exceeds the percentage of small businesses in the assessment area. The market share of bank loans made to small businesses also exceeds the bank's market share of all loans to businesses.



## **NY AA**

Distribution of small loans to business is excellent. The percentage of small loans made to businesses exceeds the percentage of small businesses in the assessment area. A significant majority of loans are below \$100,000.

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

Refer to Table 12 in the state of Pennsylvania and New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

## **PA AA**

Distribution of small loans to farms is excellent. During the evaluation period, the distribution of small loans to farms with revenues of less than \$1 million was near to the percentage of all farms with revenues under \$1 million. The majority of these loans were less than \$100,000. Additionally, the bank's market share of loans under \$1 million exceeded the bank's overall market share for loans made to farms.

## **NY AA**

The borrower distribution of small loans to farms is excellent. For the evaluation period, small loans to farms (farms with revenues of \$1 million or less) represent 100% of all small loans to farms in the non-MSA compared to 2% of the businesses within the non-MSA defined as such. The bank's lending to small farms exceeds the percentage of small farms in the non-MSA.

## **Community Development Lending**

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

Community development lending had a positive impact on the Lending Test and the loans were responsive to the needs of AA.

During the evaluation period, loans were made to help local development authority services. These loans amounted to approximately \$13 million and \$43,000 in the PA and NY areas, respectively. Of this amount, \$318,000 was directed towards Enterprise Zone Loans.

## **Product Innovation and Flexibility**

The banks products are traditional and not particularly innovative. However, the products are flexible and can meet the needs of low- and moderate-income borrowers or small business.

## **INVESTMENT TEST**

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

#### **PA AA**

The bank's performance under the investment test in Pennsylvania is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Pennsylvania Non-MSA Assessment Area is good.

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

During the evaluation period, the bank purchased a total of \$486,774 in tax credits through two different housing projects. Additionally, the bank retains \$505,410 in unfunded tax credits for use in calendar year 2007. This is responsive to low- and moderate-income housing needs within the assessment area.

The bank's total other qualified investments during the evaluation period were \$88,949. The grants and donations were made to a variety of health, economic development, and educational non-profit organizations. These investments represent responsiveness to the needs of the community, as improvements in education and economic opportunities were identified as primary needs within the assessment area.

#### **NY AA**

The bank's performance under the investment test in New York is rated Low Satisfactory. The bank's total other qualified investments during the evaluation period were \$3,750. The grants and donations were made to a variety of health, economic development, and educational non-profit organizations. These investments represent responsiveness to the needs of the community, as improvements in education and economic opportunities were identified as primary needs within the assessment area.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Pennsylvania is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Pennsylvania Non-MSA Assessment Area is good.

#### **Service Test for the Pennsylvania Non-MSA Assessment Area**

##### **Retail Banking Services**

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

The bank's 15 branches within the Pennsylvania non-MSA AA are entirely located within middle-income tracts. However, there is only one moderate-income tract and no low-income tracts within the AA. The FCNB acquired two branches from another bank and merged them with existing bank operations. FCNB also opened one new branch within the PA non-MSA AA.

FCNB offers free checking accounts which has no monthly or per-check fees. The bank also offers an interest-bearing no-fee checking account for customers over the age of 55. There is an additional checking product targeted toward small businesses with low transaction volumes. The bank also offers rural housing mortgages, Freddie Mac affordable mortgages, and small business guaranteed loans.

Banking hours and services provided Monday through Friday are supplemented by Saturday hours at a majority of the banking facilities. The bank maintains ATMs at each branch site and at one remote site at a local college. The bank offers internet and phone banking to all customers. Information on the utilization of these services by low- and moderate-income individuals was not available to examiners, and therefore significant weight was not placed on these two alternative delivery systems when drawing conclusions for the AA under the Service Test.

### **Community Development Services**

FCNB's employees provide financial expertise to a variety of organizations which help meet the needs of the community. Several bank directors and employees contribute expertise to community development organizations. The organizations provide economic and business development by providing low-interest loans, grants and other funding. They also provide financial and strategic consulting for new, small businesses. Additionally, directors and employees lend banking expertise to community organizations that provide affordable housing for low- and moderate-income individuals and families. In an effort to address the community needs, as they relate to education, several employees also act as presenters at local schools to educate students about financial literacy.

### **Service Test for the New York Non-MSA Assessment Area**

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

The bank's performance under the Service Test in New York is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Pennsylvania Non-MSA AA is good.

#### **Retail Banking Services**

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

The bank's single branch within the New York non-MSA AA is in a middle-income tract. However, there are no moderate-income tracts and no low-income tracts within the AA. The FCNB had acquired one branch from another bank and merged it with existing bank operations. FCNB also opened one new branch and closed an existing branch within the NY non-MSA AA.

FCNB offers the same products and services in the New York market as it does in Pennsylvania. Please refer to the description in the Pennsylvania AA test.

### **Community Development Services**

FCNB's employees provide financial expertise to a variety of organizations which help meet the needs of the community. Directors, officers and employees contribute their expertise to the same types of organizations as in Pennsylvania. Please refer to the description in the Pennsylvania AA test.

## 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 nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

|   |   |                          |
|---|---|--------------------------|
| <b>Time Period Reviewed</b>                                     | Lending Test (excludes CD Loans): (01/01/03 to 12/31/05)<br>Investment and Service Tests and<br>CD Loans: (3/10/03 to 12/11/06) |                          |
| <b>Financial Institution</b>                                    | <b>Products Reviewed</b>  |                          |
| First Citizen's National Bank (FCNB)<br>Mansfield, Pennsylvania | HMDA (Home mortgage & Home mortgage refinance only)<br><br>Small loans to business<br><br>Small loans to farms                  |                          |
| <b>Affiliate(s)</b>   | <b>Affiliate Relationship</b>   | <b>Products Reviewed</b> |
| <i>None.</i>  |   |                          |
| <b>List of Assessment Areas and Type of Examination</b>         |   |                          |
| <b>Assessment Area</b>  | <b>Type of Exam</b>   | <b>Other Information</b> |
| Pennsylvania AA   | FULL SCOPE  |                          |
| New York AA   | FULL SCOPE  |                          |

## Appendix B: Summary of State Ratings

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| RATINGS      FIRST CITIZENS NATIONAL BANK |                      |                        |                     |                           |
|---|----------------------|------------------------|---------------------|---------------------------|
| Overall Bank:                             | Lending Test Rating* | Investment Test Rating | Service Test Rating | Overall Bank/State Rating |
| First Citizens National Bank              | High Satisfactory    | High Satisfactory      | High Satisfactory   | Satisfactory              |
| State:                                    |                      |                        |                     |                           |
| Pennsylvania                              | High Satisfactory    | High Satisfactory      | High Satisfactory   | Satisfactory              |
| New York                                  | High Satisfactory    | Low Satisfactory       | High Satisfactory   | Satisfactory              |

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

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

### State of Pennsylvania Full-Scope Areas

#### Pennsylvania Non-MSA Assessment Area

| Demographic Information for Full Scope Area: Non-MSA PA  |         |                         |   |                 |              |            |
|--|---------|-------------------------|---|-----------------|--------------|------------|
| Demographic Characteristics  | #       | Low % of #              | Moderate % of #   | Middle % of #   | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 29      | 0.00                    | 3.45  | 96.55           | 0.00         | 0.00       |
| Population by Geography  | 122,214 | 0.00                    | 1.89  | 98.11           | 0.00         | 0.00       |
| Owner-Occupied Housing by Geography  | 36,003  | 0.00                    | 1.93  | 98.07           | 0.00         | 0.00       |
| Business by Geography  | 7,271   | 0.00                    | 2.65  | 97.35           | 0.00         | 0.00       |
| Farms by Geography   | 663     | 0.00                    | 1.06  | 98.94           | 0.00         | 0.00       |
| Family Distribution by Income Level  | 33,607  | 19.76                   | 20.55   | 23.78           | 35.91        | 0.00       |
| Distribution of Low- and Moderate-income Families throughout AA Geographies                          | 13,547  | 0.00                    | 2.49  | 97.51           | 0.00         | 0.00       |
| Median Family Income<br>HUD Adjusted Median Family Income for 2005<br>Households Below Poverty Level |         | 41,475<br>48,350<br>12% | Median Housing Value<br>Unemployment Rate (2000<br>US Census) | 72,607<br>2.73% |              |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2005 HUD updated MFI.

FCNB has 15 branches throughout Tioga, Bradford, and Potter counties in Pennsylvania. In addition to operating ATMs at each branch location, the bank maintains a stand-alone ATM at Mansfield University. These branches are spread throughout three counties: Tioga, Potter, and Bradford. These counties, in their entirety, constitute the bank’s assessment area within the state. The area is a non-MSA assessment area and is comprised of 29 tracts, one of which is moderate-income. The area is rural, and economic growth is limited. Consequently, there are few banks with significant operations in the area. The bank competes for deposits with several other nationally and state-chartered local banks. Within the counties of the assessment area, the bank maintains a significant deposit market share, as do Citizens and Northern Bank and Northwest Savings Bank. In Tioga County, FCNB ranks second in deposit share with 37%, behind Citizens & Northern Bank with a deposit share of 43%. In Bradford County, FCNB also ranks second in deposit share with 23%, also behind Citizens & Northern Bank with a 39% deposit share. FCNB ranks third in Potter County with a 27% market share, behind Northwest Savings (ranked first with 37% of deposits) and Citizens Trust Company (ranked second with 28% of deposits).

During the examination, a community contact was consulted to assist in identifying the needs of the bank’s AAs. The contact was the director of a local non-profit economic development organization. Improving access to secondary education, developing local infrastructure, and funding for local economic activities were all identified by the contact as needs within the AA.

The bank's ability to assist with these needs and its past performance in doing so were assessed during this review.



## State of New York Full-Scope Areas

### New York Non-MSA Assessment Area

| Demographic Information for Full Scope Area: Non-MSA NY                     |        |               |                      |                  |                 |               |
|---|--------|---------------|----------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #      | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)  | 13     | 0.00          | 0.00                 | 84.62            | 7.69            | 7.69          |
| Population by Geography   | 49,927 | 0.00          | 0.00                 | 87.40            | 12.58           | 0.02          |
| Owner-Occupied Housing by Geography   | 13,302 | 0.00          | 0.00                 | 93.32            | 6.66            | 0.02          |
| Business by Geography   | 2,344  | 0.00          | 0.00                 | 90.15            | 9.64            | 0.21          |
| Farms by Geography  | 177    | 0.00          | 0.00                 | 93.22            | 6.78            | 0.00          |
| Family Distribution by Income Level   | 12,217 | 21.18         | 20.32                | 24.60            | 33.90           | 0.00          |
| Distribution of Low- and Moderate-income Families throughout AA Geographies | 5,070  | 0.00          | 0.00                 | 95.94            | 4.06            | 0.00          |
| Median Family Income  |        | 41,761        | Median Housing Value |                  | 52,561          |               |
| HUD Adjusted Median Family Income for 2005                                  |        | 48,550        | Unemployment Rate    |                  | 4.4%            |               |
| Households Below Poverty Level  |        | 15%           |                      |                  |                 |               |

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

Source: 2000 U.S. Census, and 2005 HUD updated MFI.

FCNB's operations within the New York assessment area are limited compared with those in Pennsylvania. The bank opened its first branch in the state in 2005, and a New York assessment area was added to concurrently. The assessment area encompasses Allegany County and contains 13 census tracts, and none are designated middle or low-income.

As the bank has a singular, new branch, operations in the assessment area are limited compared with those in Pennsylvania. However, economic and competitive conditions are not dissimilar to those in the bank's adjoining Pennsylvania assessment area. The bank competes with four other nationally and state chartered institutions in the county for deposits. In aggregate, two of these institutions have captured approximately 90% of deposits. FCNB's has a one percent market share in the AA, ranking fifth in assets behind Community National Bank (ranked first with a 51% deposit market share), Steuben Trust (ranked second with a 39% market share).

During the examination, a community contact was consulted to assist in identifying the needs of the bank's AAs. The contact was the director of a local non-profit economic development organization. Improving access to secondary education, developing local infrastructure, and funding for local economic activities were all identified by the contact as needs within the AA. The bank's ability to assist with these needs and its past performance in doing so were assessed during this review.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

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

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. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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. Table not included.**
- 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 not included.**

- 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 – Table not included.**
- 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 not included.**

**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. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15/16. 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.

## Tables of Performance Data

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### Pennsylvania and New York

**Table 1. Lending Volume**

| LENDING VOLUME<br>2005        |  | Geography: FCNB ASSESSMENT AREAS |            |                              |            |                      |            | Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, |            |                         |           |  |
|-------------------------------|--|----------------------------------|------------|------------------------------|------------|----------------------|------------|--|------------|-------------------------|-----------|--|
| MA/Assessment Area<br>(2005): | % of<br>Rated<br>Area<br>Loans (#)<br>in MA/AA | Home Mortgage                    |            | Small Loans to<br>Businesses |            | Small Loans to Farms |            | Community<br>Development Loans**                   |            | Total Reported<br>Loans |           | % of Rated Area<br>Deposits in<br>MA/AA*** |
|                               |  | #                                | \$ (000's) | #                            | \$ (000's) | #                    | \$ (000's) | #  | \$ (000's) | #                       | \$(000's) |  |
| <b>2003-2005 Full Review:</b> |  |                                  |            |                              |            |                      |            |  |            |                         |           |  |
| Non-MSA NY                    | 2.65   | 69                               | 3,566      | 47                           | 3,773      | 3                    | 210        | 2  | 43         | 121                     | 7,592     | 0.91                                       |
| Non-MSA PA                    | 97.35  | 2,534                            | 163,828    | 1122                         | 89,759     | 262                  | 18,408     | 14   | 13,474     | 3,932                   | 285,469   | 99.09                                      |

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from March 10, 2003 to December 31, 2005.

\*\*\* Deposit Data as of January 14, 2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

| LENDING VOLUME<br>DECEMBER 31, 2005 |  | Geography: FCNB ASSESSMENT AREAS |               |  |               |               |               |                 |               | Evaluation Period: JANUARY 1, 2003 TO |               |                             |           |                                      |
|-------------------------------------|--|----------------------------------|---------------|--|---------------|---------------|---------------|-----------------|---------------|---------------------------------------|---------------|-----------------------------|-----------|--------------------------------------|
| MA/Assessment Area<br>(2005):       | % of<br>Rated<br>Area<br>Loans (#)<br>in MA/AA | Total Optional<br>Loans**        |               | Small Business<br>Real Estate<br>Secured** |               | Home Equity** |               | Motor Vehicle** |               | Credit Card**                         |               | Other Secured<br>Consumer** |           | % of Rated Area<br>Deposits in AA*** |
|                                     |  | #                                | \$<br>(000's) | #  | \$<br>(000's) | #             | \$<br>(000's) | #               | \$<br>(000's) | #                                     | \$<br>(000's) | #                           | \$(000's) |                                      |
| <b>Full Review:</b>                 |  |                                  |               |  |               |               |               |                 |               |                                       |               |                             |           |                                      |
| Non-MSA NY                          | 0.00   | 0                                | 0             | 0  | 0             | 0             | 0             | 0               | 0             | 0                                     | 0             | 0                           | 0         | 0.91                                 |
| Non-MSA PA                          | 0.00   | 0                                | 0             | 0  | 0             | 0             | 0             | 0               | 0             | 0                                     | 0             | 0                           | 0         | 99.09                                |

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 1, 2003 to December 31, 2005.

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

**Table 1. Other Products**

| LENDING VOLUME<br>DECEMBER 31, 2005 |                                 | Geography: FCNB ASSESSMENT AREAS |                       | Evaluation Period: JANUARY 1, 2003 TO |   |
|-------------------------------------|---------------------------------|----------------------------------|-----------------------|---------------------------------------|---|
| MA/Assessment Area<br>(2005):       | Other Unsecured Consumer Loans* |                                  | Other Optional Loans* |                                       |   |
|                                     | #                               | \$ (000's)                       | #                     | \$ (000's)                            |   |
| <b>Full Review:</b>                 |                                 |                                  |                       |                                       |   |
| Non-N                               | 0                               | 0                                | 0                     | 0                                     | 0 |
| Non-N                               | 0                               | 0                                | 0                     | 0                                     | 0 |

\* The evaluation period for Optional Product Line(s) is from January 1, 2003 to December 31, 2005.



**Table 2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE<br>DECEMBER 31, 2005 |                           | Geography: FCNB ASSESSMENT AREAS |                        |                  |                             |              |                           |              |                          | Evaluation Period: JANUARY 1, 2003 TO |                                |      |      |      |      |
|---|---------------------------|----------------------------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|---------------------------------------|--------------------------------|------|------|------|------|
| MA/Assessment Area:   | Total Home Purchase Loans |                                  | Low-Income Geographies |                  | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |                                       | Market Share (%) by Geography* |      |      |      |      |
|   | #                         | % of Total**                     | % Owner Occ Units***   | % BANK Loans**** | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans | % Owner Occ Units***     | % BANK Loans                          | Overa ll                       | Low  | Mod  | Mid  | Upp  |
| <b>2004-2005 Full Review:</b>                               |                           |                                  |                        |                  |                             |              |                           |              |                          |                                       |                                |      |      |      |      |
| Non-MSA NY  | 27                        | 7.09                             | 0.00                   | 0.00             | 0.00                        | 0.00         | 93.34                     | 100.00       | 6.66                     | 0.00                                  | 0.00                           | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-MSA PA  | 354                       | 92.91                            | 0.00                   | 0.00             | 1.93                        | 1.13         | 98.07                     | 98.87        | 0.00                     | 0.00                                  | 0.00                           | 0.00 | 0.00 | 0.00 | 0.00 |
| <b>2003 Full Review</b>                                     |                           |                                  |                        |                  |                             |              |                           |              |                          |                                       |                                |      |      |      |      |
| Non-MSA PA  | 232                       | 94.69                            | 0.00                   | 0.00             | 1.93                        | 0.43         | 98.07                     | 99.57        | 0.00                     | 0.00                                  | 0.00                           | 0.00 | 0.00 | 0.00 | 0.00 |

\* Based on 2005 Peer Mortgage Data (Eastern)

\*\* 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

| Geographic Distribution: HOME MORTGAGE REFINANCE<br>2003 TO DECEMBER 31, 2005 |                                     |              |                        | Geography: FCNB ASSESSMENT AREAS |                             |              |                           |              |                          |              |                               | Evaluation Period: JANUARY 1, |      |      |      |  |
|---|-------------------------------------|--------------|------------------------|----------------------------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|-------------------------------|-------------------------------|------|------|------|--|
| MA/Assessment Area:   | Total Home Mortgage Refinance Loans |              | Low-Income Geographies |                                  | Moderate-Income Geographies |              | Middle-Income Geographies |              | Upper-Income Geographies |              | Market Share (%) by Geography |                               |      |      |      |  |
|   | #                                   | % of Total** | % Owner Occ Units***   | % BANK Loans****                 | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***      | % BANK Loans | % Owner Occ Units***     | % BANK Loans | Overa ll                      | Low                           | Mod  | Mid  | Upp  |  |
| <b>2004-2005 Full Review:</b>   |                                     |              |                        |                                  |                             |              |                           |              |                          |              |                               |                               |      |      |      |  |
| Non-MSA NY  | 42                                  | 4.03         | 0.00                   | 0.00                             | 0.00                        | 0.00         | 93.34                     | 100.00       | 6.66                     | 0.00         | 0.00                          | 0.00                          | 0.00 | 0.00 | 0.00 |  |
| Non-MSA PA  | 999                                 | 95.97        | 0.00                   | 0.00                             | 1.93                        | 1.80         | 98.07                     | 98.20        | 0.00                     | 0.00         | 0.00                          | 0.00                          | 0.00 | 0.00 | 0.00 |  |
| <b>2003 Full Review</b>   |                                     |              |                        |                                  |                             |              |                           |              |                          |              |                               |                               |      |      |      |  |
| Non-MSA PA  | 912                                 | 97.44        | 0.00                   | 0.00                             | 1.93                        | 2.19         | 98.07                     | 97.81        | 0.00                     | 0.00         | 0.00                          | 0.00                          | 0.00 | 0.00 | 0.00 |  |

\* Based on 2005 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

| Geographic Distribution: SMALL LOANS TO BUSINESSES<br>TO DECEMBER 31, 2005 |                            |              | Geography: FCNB ASSESSMENT AREAS |              |                             |              |                           |              |                          |              | Evaluation Period: JANUARY 1, 2003 |      |      |       |      |
|--|----------------------------|--------------|----------------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|------------------------------------|------|------|-------|------|
| 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 Busines ses***              | % BANK Loans | % of Busines ses***         | % BANK Loans | % of Busines ses***       | % BANK Loans | % of Busines ses***      | % BANK Loans | Overall                            | Low  | Mod  | Mid   | Upp  |
| <b>2004-2005 Full Review:</b>  |                            |              |                                  |              |                             |              |                           |              |                          |              |                                    |      |      |       |      |
| Non-MSA NY   | 47                         | 5.50         | 0.00                             | 0.00         | 0.00                        | 0.00         | 90.15                     | 93.62        | 9.64                     | 6.38         | 0.00                               | 0.00 | 0.00 | 0.00  | 0.00 |
| Non-MSA PA   | 807                        | 94.50        | 0.00                             | 0.00         | 2.65                        | 1.24         | 97.35                     | 98.76        | 0.00                     | 0.00         | 0.00                               | 0.00 | 0.00 | 0.00  | 0.00 |
| <b>2003 Full Review:</b>   |                            |              |                                  |              |                             |              |                           |              |                          |              |                                    |      |      |       |      |
| Non-MSA PA   | 307                        | 97.00        | 0.00                             | 0.00         | 2.69                        | 0.01         | 97.31                     | 99.99        | 0.00                     | 0.00         | 11.16                              | 0.00 | 0.00 | 11.16 | 0.00 |

\* Based on 2005 Peer Small Business Data -- US and 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 (2005).

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

| Geographic Distribution: SMALL LOANS TO FARMS<br>1, 2003 TO DECEMBER 31, 2005 |                        | Geography: FCNB ASSESSMENT AREAS |                        |              |                             |              |                           |              |                          | Evaluation Period: JANUARY |                                |      |      |       |      |
|---|------------------------|----------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|----------------------------|--------------------------------|------|------|-------|------|
| 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  |
| <b>2004-2005 Full Review:</b>   |                        |                                  |                        |              |                             |              |                           |              |                          |                            |                                |      |      |       |      |
| Non-MSA NY  | 3                      | 1.65                             | 0.00                   | 0.00         | 0.00                        | 0.00         | 93.22                     | 100.00       | 6.78                     | 0.00                       | 0.00                           | 0.00 | 0.00 | 0.00  | 0.00 |
| Non-MSA PA  | 179                    | 98.35                            | 0.00                   | 0.00         | 1.06                        | 0.00         | 98.94                     | 100.00       | 0.00                     | 0.00                       | 0.00                           | 0.00 | 0.00 | 0.00  | 0.00 |
| <b>2003 Full Review:</b>  |                        |                                  |                        |              |                             |              |                           |              |                          |                            |                                |      |      |       |      |
| Non-MSA PA  | 83                     | 100                              | 0.00                   | 0.00         | 0.00                        | 0.00         | 100.00                    | 100.00       | 0.00                     | 0.00                       | 31.32                          | 0.00 | 0.00 | 31.32 | 0.00 |

\* Based on 2005 Peer Small Business Data -- US and 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 (2005).

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

| Borrower Distribution: HOME PURCHASE<br>DECEMBER 31, 2005 |                           | Geography: FCNB ASSESSMENT AREAS |                      |                  |                           |                |                         |                  |                        |                  |              | Evaluation Period: JANUARY 1, 2003 TO |      |      |      |  |
|---|---------------------------|----------------------------------|----------------------|------------------|---------------------------|----------------|-------------------------|------------------|------------------------|------------------|--------------|---------------------------------------|------|------|------|--|
| MA/Assessment Area:                                       | Total Home Purchase Loans |                                  | Low-Income Borrowers |                  | Moderate-Income Borrowers |                | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Market Share |                                       |      |      |      |  |
|   | #                         | % of Total**                     | % Families***        | % BANK Loans**** | % Families <sup>1</sup>   | % BANK Loans** | % Families***           | % BANK Loans**** | % Families**           | % BANK Loans**** | Overall      | Low                                   | Mod  | Mid  | Upp  |  |
| <b>2004-2005 Full Review:</b>                             |                           |                                  |                      |                  |                           |                |                         |                  |                        |                  |              |                                       |      |      |      |  |
| Non-MSA NY  | 27                        | 7.09                             | 21.18                | 33.33            | 20.32                     | 18.52          | 24.60                   | 29.63            | 33.90                  | 18.52            | 0.00         | 0.00                                  | 0.00 | 0.00 | 0.00 |  |
| Non-MSA PA  | 354                       | 92.91                            | 19.76                | 11.86            | 20.55                     | 24.86          | 23.78                   | 28.81            | 35.91                  | 34.46            | 0.00         | 0.00                                  | 0.00 | 0.00 | 0.00 |  |
| <b>2003 Full Review:</b>                                  |                           |                                  |                      |                  |                           |                |                         |                  |                        |                  |              |                                       |      |      |      |  |
| Non-MSA PA  | 232                       | 94.69                            | 19.69                | 5.60             | 20.52                     | 21.55          | 23.77                   | 35.78            | 36.02                  | 37.07            | 0.00         | 0.00                                  | 0.00 | 0.00 | 0.00 |  |

\* Based on 2005 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

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

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

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

| Borrower Distribution: HOME MORTGAGE REFINANCE<br>TO DECEMBER 31, 2005 |                                     |              | Geography: FCNB ASSESSMENT AREAS |                              |                           |                              |                         |                              |                        |                                  | Evaluation Period: JANUARY 1, 2003 |      |      |      |      |
|--|-------------------------------------|--------------|----------------------------------|------------------------------|---------------------------|------------------------------|-------------------------|------------------------------|------------------------|----------------------------------|------------------------------------|------|------|------|------|
| 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 <sup>***</sup>        | % BANK Loans <sup>****</sup> | % Families <sup>2</sup>   | % BANK Loans <sup>****</sup> | % Families*<br>**       | % BANK Loans <sup>****</sup> | % Families*<br>**      | % BANK Loans <sup>**</sup><br>** | Overall                            | Low  | Mod  | Mid  | Upp  |
| <b>2004-2005 Full Review:</b>  |                                     |              |                                  |                              |                           |                              |                         |                              |                        |                                  |                                    |      |      |      |      |
| Non-MSA NY   | 42                                  | 4.03         | 21.18                            | 9.52                         | 20.32                     | 23.81                        | 24.60                   | 28.57                        | 33.90                  | 38.10                            | 0.00                               | 0.00 | 0.00 | 0.00 | 0.00 |
| Non-MSA PA   | 999                                 | 95.97        | 19.76                            | 13.45                        | 20.55                     | 24.09                        | 23.78                   | 30.55                        | 35.91                  | 31.91                            | 0.00                               | 0.00 | 0.00 | 0.00 | 0.00 |
| <b>2003 Full Review:</b>   |                                     |              |                                  |                              |                           |                              |                         |                              |                        |                                  |                                    |      |      |      |      |
| Non-MSA PA   | 912                                 | 97.44        | 19.69                            | 7.90                         | 20.52                     | 22.50                        | 23.77                   | 30.30                        | 36.02                  | 39.30                            | 0.00                               | 0.00 | 0.00 | 0.00 | 0.00 |

\* Based on 2005 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 3.8% of loans originated and purchased by bank.

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

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

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 11. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL LOANS TO BUSINESSES<br>TO DECEMBER 31, 2005 |                                 |              | Geography: FCNB ASSESSMENT AREAS                |                  |  |                         |                           | Evaluation Period: JANUARY 1, 2003 |                         |
|--|---------------------------------|--------------|---|------------------|--|-------------------------|---------------------------|------------------------------------|-------------------------|
| MA/Assessment Area:  | Total Small Loans to Businesses |              | Businesses With Revenues of \$1 million or less |                  | Loans by Original Amount Regardless of Business Size |                         |                           | Market Share*                      |                         |
|  | #                               | % of Total** | % of Businesses***                              | % BANK Loans**** | \$100,000 or less                                    | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All                                | Rev\$ 1 Million or Less |
| <b>2004-2005 Full Review:</b>  |                                 |              |   |                  |  |                         |                           |                                    |                         |
| Non-MSA NY   | 47                              | 5.50         | 59.85   | 93.62            | 76.60  | 14.89                   | 8.51                      | 0.00                               | 0.00                    |
| Non-MSA PA   | 807                             | 94.50        | 61.31   | 89.96            | 80.79  | 14.37                   | 4.83                      | 0.00                               | 0.00                    |
| <b>2003 Full Review:</b>   |                                 |              |   |                  |  |                         |                           |                                    |                         |
| Non-MSA PA   | 307                             | 97.00        | 64.19   | 89.25            | 241.00   | 44.00                   | 22.00                     | 11.16                              | 20.62                   |

\* Based on 2005 Peer Small Business Data -- US and 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 - 2005).

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

**Table 12. Borrower Distribution of Small Loans to Farms**

| Borrower Distribution: SMALL LOANS TO FARMS<br>DECEMBER 31, 2005 |                            |                          | Geography: FCNB ASSESSMENT AREAS           |                              |  |                         |                           | Evaluation Period: JANUARY 1, 2003 TO |                         |
|--|----------------------------|--------------------------|--|------------------------------|--|-------------------------|---------------------------|---------------------------------------|-------------------------|
| 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 <sup>*</sup>             |                         |
|  | #                          | % of Total <sup>**</sup> | % of Farms <sup>***</sup>                  | % BANK Loans <sup>****</sup> | \$100,000 or less                                | >\$100,000 to \$250,000 | >\$250,000 to \$1,000,000 | All                                   | Rev\$ 1 Million or Less |
| <b>2004-2005 Full Review:</b>                                    |                            |                          |  |                              |  |                         |                           |                                       |                         |
| Non-MSA NY   | 3                          | 1.65                     | 92.09                                      | 100.00                       | 66.67  | 33.33                   | 0.00                      | 0.00                                  | 0.00                    |
| Non-MSA PA   | 179                        | 98.35                    | 95.78                                      | 96.65                        | 77.65  | 16.76                   | 5.59                      | 0.00                                  | 0.00                    |
| <b>2003 Full Review:</b>   |                            |                          |  |                              |  |                         |                           |                                       |                         |
| Non-MSA PA   | 83                         | 100.00                   | 96.51                                      | 97.59                        | 68.00  | 11.00                   | 4.00                      | 31.32                                 | 35.06                   |

<sup>\*</sup> Based on 2005 Peer Small Business Data -- US and PR

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

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2005).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.



**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS<br>DECEMBER 11, 2006 |                          | Geography: FCNB ASSESSMENT AREAS |                            |           |                   | Evaluation Period: March 10, 2003 TO |            |                        |           |
|--|--------------------------|----------------------------------|----------------------------|-----------|-------------------|--------------------------------------|------------|------------------------|-----------|
| MA/Assessment Area:                        | Prior Period Investments |                                  | Current Period Investments |           | Total Investments |                                      |            | Unfunded Commitments** |           |
|  | #                        | \$(000's)                        | #                          | \$(000's) | #                 | \$(000's)                            | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>                        |                          |                                  |                            |           |                   |                                      |            |                        |           |
| Non-MSA NY                                 | 0                        | 0                                | 7                          | 4         | 7                 | 4                                    | 100.00     | 0                      | 0         |
| Non-MSA PA                                 | 2                        | 1,003                            | 139                        | 576       | 141               | 1,579                                | 100.00     | 1                      | 505       |

\* 'Prior Period Investments' means investments made in a previous 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: FCNB ASSESSMENT AREAS |                      |   |     | Evaluation |     |                                       |      |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|------|--------|------|----------------------------------|----------------------|---|-----|------------|-----|---------------------------------------|------|-------|-------|
| Period: JANUARY 1, 2003 TO DECEMBER 31, 2005                        |                                |                    |                                |   |      |        |      |                                  |                      |   |     |            |     |                                       |      |       |       |
| MA/Assessment Area:   | Deposits                       | Branches           |                                |   |      |        |      | Branch Openings/Closings         |                      |   |     | Population |     |                                       |      |       |       |
|   | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) |      |        |      | # of Branch Openings             | # of Branch Closings | Net change in Location of Branches (+ or -) |     |            |     | % of Population within Each Geography |      |       |       |
|   |                                |                    |                                | Low   | Mod  | Mid    | Upp  |                                  |                      | Low   | Mod | Mid        | Upp | Low                                   | Mod  | Mid   | Upp   |
| <b>Full Review:</b>   |                                |                    |                                |   |      |        |      |                                  |                      |   |     |            |     |                                       |      |       |       |
| Non-MSA NY  | 0.91                           | 1                  | 6.25                           | 0.00  | 0.00 | 100.00 | 0.00 | 2                                | 1                    | 0   | 0   | 1          | 0   | 0.00                                  | 0.00 | 87.40 | 12.58 |
| Non-MSA PA  | 99.09                          | 15                 | 93.75                          | 0.00  | 0.00 | 100.00 | 0.00 | 3                                | 3                    | 0   | 0   | 0          | 0   | 0.00                                  | 1.89 | 98.11 | 0.00  |

**Table 16. Distribution of Branch and ATM Delivery System**

| Distribution of Branch and ATM Delivery System |                          |                    |                          |   |     |     |     | Geography: FCNB ASSESSMENT AREAS |                      |   |     | Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2005 |     |                                       |      |       |       |
|--|--------------------------|--------------------|--------------------------|---|-----|-----|-----|----------------------------------|----------------------|---|-----|---|-----|---------------------------------------|------|-------|-------|
| MA/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 Population within Each Geography |      |       |       |
|  |                          |                    |                          | Low   | Mod | Mid | Upp |                                  |                      | Low                                       | Mod | Mid   | Upp | Low                                   | Mod  | Mid   | Upp   |
| <b>Full Review:</b>                            |                          |                    |                          |   |     |     |     |                                  |                      |   |     |   |     |                                       |      |       |       |
| Non-MSA NY                                     | 0.91                     | 1                  | 6.25                     | 0   | 0   | 100 | 0   | 0                                | 0.00                 | 0   | 0   | 0   | 0   | 0.00                                  | 0.00 | 87.40 | 12.58 |
| Non-MSA PA                                     | 99.09                    | 15                 | 93.75                    | 0   | 0   | 100 | 0   | 1                                | 100.00               | 0   | 0   | 1   | 0   | 0.00                                  | 1.89 | 98.11 | 0.00  |