



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 28, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Kishacoquillas Valley National Bank of Belleville
Charter Number 10128**

**4255 East Main Street
Belleville, PA 17004**

**Comptroller of the Currency
Western Pennsylvania (Pittsburgh)
4075 Monroeville Boulevard Building 2, Suite 300
Monroeville, PA 15146**

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- KVNB's record of originating loans as evidenced by its loan to deposit ratio compares favorably to its peer group.
- KVNB's originates the vast majority of its residential real estate, small business and farm loans within its combined assessment areas (AAs).
- KVNB's originates residential real estate, small business and farm loans throughout AA geographies of different income levels.
- KVNB's originates residential real estate, small business and farm loans to AA borrowers of different income levels and businesses and farms of different sizes.
- KVNB's has originated and purchased community development (CD) loans and investments and representatives have participated in CD services which benefit its AAs.

SCOPE OF EXAMINATION

KVNB's record of originating residential mortgage, small business and small farm loans was evaluated over the period between January 1, 2004 and September 30, 2006. Residential mortgage loans include home purchase; home improvement and home mortgage refinance loans. Residential mortgage, small business and small farm loans were evaluated because they represent KVNB's primary loan products. KVNB's record of community development (CD) performance was evaluated over the period between January 2, 2003 and November 26, 2006. The evaluation period for CD performance represents the time period between the start of KVNB's last CRA exam and the start of its current CRA exam. CD performance is evaluated through a review of KVNB's CD loans, investments and services.

An evaluation of the integrity of KVNB's collected loan data relating to home mortgage, small business and small farm loan originations as well as KVNB's CD loans, investments and services was conducted beginning on September 11, 2006. The objective of the review was to ensure that KVNB's reported loan data was reliable and CD loans, investments and services qualified for Community Reinvestment Act (CRA) credit. During the course of the review, we analyzed a sample of home mortgage, small business and small farm loan originations to ensure that the data on which we relied for our evaluation of the bank's performance under the CRA was accurate. We compared loan data collected and reported by KVNB to information in KVNB's loan files to determine accuracy. We also evaluated the processes that the bank employs to help ensure the accuracy of this data. This data integrity review revealed that the publicly available information collected and reported by KVNB could be relied upon for the purposes of this CRA evaluation.

DESCRIPTION OF INSTITUTION

The Kishacoquillas Valley National Bank (KVNB) is an independent, intrastate community bank. KVNB's headquarters and main office are located in Belleville Pennsylvania. KVNB is a wholly owned subsidiary of Kish Bancorp, Inc. Kish Bancorp Inc. is a holding company which in addition to KVNB also functions as the parent company to Kish Financial Group and Kish Travel Services. Kish Bankcorp is also headquartered in Belleville Pennsylvania. Belleville is situated in Mifflin County in central Pennsylvania. Mifflin County is a predominately rural area located approximately 30 miles east of State College and 60 miles northwest of Harrisburg in Pennsylvania.

KVNB operates its branch network within portions of four adjacent counties in Central Pennsylvania, the counties include: Mifflin, Huntingdon, Juniata and Centre. KVNB operates nine full service branch offices, three of which are considered to be financial centers. KVNB also operates a loan production office. KVNB's operations are supported by administrative and operations centers. KVNB opened the loan production office and two of its branch offices since the most recent CRA evaluation. One of the new branch offices was opened in Lewistown, which is situated in Mifflin County and therefore not located within an MSA. The other new branch office and the loan production office were opened in State College, which is situated in Centre County and therefore located in the State College MSA.

Automated teller machines are located at six of the nine branch office locations. In addition to the

loan production office located in State College within Centre County, KVNB's Financial Centers are located in Belleville and Lewistown within Mifflin County and in Huntingdon which is in Huntingdon County. The loan production office is located in State College in Centre County Pennsylvania. The financial centers offer insurance and travel services. The bank has two operating subsidiaries: Kish Agency and Kish Investments. Kish Agency is an insurance agency offering commercial and personal insurance products. Kish Investments is a non-deposit investment corporation formed to hold equity investments. In addition to offering non-deposit investment products, KVNB also offers full trust services.

As of September 30, 2006, KVNB's assets totaled \$411 million. Net loans and leases totaled \$290 million. Net loans and leases represented 71% of total assets. Assets included investments of \$87 million, real estate loans of \$214 million, commercial loans of \$63 million, individual loans of \$8 million and agricultural and other loans comprising the remainder. Residential (1-4 family) mortgage loans, commercial mortgage loans and commercial/industrial loans represent 35%, 30% and 16% respectively of KVNB's total loan portfolio. Construction and development, municipal, home equity, farmland, individual and agricultural loans comprise the majority of the remainder of the loan portfolio. As of September 30, 2006, KVNB's deposits totaled \$312 million and net Tier 1 capital equaled \$33 million. Since residential mortgage, small business and small farm loans represent significant portions of KVNB's loan portfolio, they are considered to be KVNB's primary loan products. KVNB's strategy is to continue to originate residential mortgage and business loans in its market area.

There are no impediments, legal or otherwise which would hinder KVNB's ability to help meet the credit needs of its AAs. KVNB's last Public Evaluation (PE) was dated December 18, 2002 and the overall CRA rating assigned was Satisfactory. Since the previous PE, KVNB has opened two new branches in middle-income geographies within its AAs. KVNB has closed no branch offices during the evaluation period.

DESCRIPTION OF ASSESSMENT AREAS

KVNB has two designated AAs. KVNB's AAs are situated immediately adjacent to one another in central Pennsylvania. The combined AAs are comprised of forty-two selected geographies. The geographies are located within Mifflin, Huntingdon, Juniata Counties and Centre Counties. Mifflin, Huntingdon and Juniata Counties are not located within a Metropolitan Statistical Area (MSA.) Centre County is located within the State College MSA (44300.) Therefore, KVNB operates within a Pennsylvania non-MSA AA and a State College MSA AA. All of KVNB's branch offices and ATMs are located within its AAs. KVNB's AAs meet regulatory requirements and do not arbitrarily exclude any low- or moderate-income geographies.

Pennsylvania non-MSA AA

KVNB's Pennsylvania non-MSA AA is predominantly rural and agricultural in nature. KVNB's Pennsylvania non-MSA AA consists of selected whole contiguous geographies located within the central Pennsylvania counties of Mifflin, Huntingdon and Juniata. KVNB's Pennsylvania non-MSA AA geographies total nineteen. Of the nineteen geographies which comprise KVNB's

Pennsylvania non-MSA AA, two and seventeen were categorized as moderate-middle-income respectively. Of the nineteen Pennsylvania non-MSA AA geographies none are classified as low-or upper-income.

For KVNB's Pennsylvania non-MSA AA, 2000 census data reports a total population of 80,615, total households of 30,546 and total families of 21,599. HUD data updated for 2004 reports the Pennsylvania non-MSA median family income to be \$50,600. Demographic information derived from annually updated HUD data, also reports that for 2004, of total AA families, 18%, 21%, 26% and 35% are of low-, moderate-, middle- and upper-income respectively.

For KVNBs Pennsylvania non-MSA AA, the majority of AA households (71%) were supported by wage or salaried jobs. For the same years, of Pennsylvania non-MSA AA households, 16% report persons over sixty five, 19% report retired residents, 33% derive income from social security and 12% subsist below poverty level. The 2000 census data also reports that for 2004, of total Pennsylvania non-MSA AA housing units, 65% were owner-occupied and the median housing value equaled \$75,819. Housing stock consists primarily of older homes with a median year built of 1958. These AA demographic factors impact loan demand for residential mortgage loans. Particularly affected is residential mortgage demand from low-and moderate-income borrowers impacted by issues concerning housing availability and affordability.

According to 2006 business demographic data, 4,394 businesses operate within KVNB's Pennsylvania non-MSA AA, of which 350 are farms. Small Pennsylvania non-MSA AA businesses, which report revenues less than or equal to \$1,000,000, total 2,619 and represent 65% of total Pennsylvania non-MSA AA businesses. Approximately 60% of Pennsylvania non-MSA AA businesses reported having less than four employees. Of Pennsylvania non-MSA MSA AA businesses, 34% are classified as service and 17% are classified as retail trade. Additional Pennsylvania non-MSA AA businesses are classified as follows: agriculture, forestry and fishing (8%), construction (8%), finance, insurance and real estate (5%), manufacturing (5%), transportation and communication (5%), wholesale trade (3%) public administration (3%).

KVNB has a significant presence in its Pennsylvania non-MSA AA. Over the evaluation period, according to FDIC market share reports, KVNB ranked first for deposit market share among financial institutions taking deposits from within its Pennsylvania non-MSA AA. Specifically, KVNB has garnered over 22% of the total dollar amount of Pennsylvania non-MSA AA deposits. KVNB encounters competition within its Pennsylvania non-MSA AA for both deposits and loans.

Area competition is considered to be very strong and emanates from local community banks, regional banks, national non-bank financial institutions, and mortgage companies. Specifically, Pennsylvania non-MSA AA competition emanates primarily from several local and regional financial institutions, some of which have been established in the area for many years. Local competitors operating in excess of seven branch offices within the Pennsylvania non-MSA AA include Omega Bank and Juniata Bank Northwest Savings Bank. Additional competitors also operating multiple branch offices within the AA include Northwest Savings Bank, First NB of Mifflintown and Mifflin County Savings Bank. KVNB also competes for loans with several larger multi-state financial institutions and national mortgage and credit card companies.

Examiners contacted the President of a local Industrial Development Corporation. The Corporation assists new and expanding Mifflin County businesses and promotes Mifflin County employment and income opportunities. The contact described Mifflin County as primarily rural and experiencing an increase in residential housing development resulting from the proximity of State College and availability and reasonable cost of land. The contact identified the manufacturing sector the source for a significant portion of local employment. He further indicated that despite a decline, manufacturing continues to exist. Other local employers include the county hospital and school district. The contact further noted that local unemployment generally hovers above national and state levels but generally follows national trends.

The contact identified small business lending as a community credit need. He specifically mentioned manufacturing and industrial business financing including construction, bridge financing and term loans. The contact also mentioned micro business lending particularly sole proprietorships. The contact advised that his experiences and perceptions regarding the degree of involvement from local financial institutions were positive. He indicated willingness on the part of local financial institutions to partner with state and regional sources to provide manufacturing and industrial financing.

State College MSA

The opening of KVNB's State College branch office prompted the expansion of KVNB's AA geographies into State College which is located within Centre County Pennsylvania. Centre County is situated within the State College MSA. KVNB's State College MSA AA is comparatively more urban and more commercial in nature than KVNB's Pennsylvania non-MSA AA.

KVNB's State College MSA AA consists of selected whole contiguous geographies located within the central Pennsylvania's Centre County. KVNB's State College MSA AA geographies total twenty three. Of the twenty three geographies which comprise KVNB's State College MSA AA, two, three, seven and ten are categorized as low-, moderate-, middle- and upper-income respectively. Additionally, of the twenty three State College MSA AA geographies, one is not classified for income purposes.

For KVNB's State College MSA AA, 2000 census data reports a total population of 112,794, total households of 40,259 and total families of 22,084. HUD data updated for 2004 reports the State College MSA median family income to be \$61,700. Demographic information derived from annually updated HUD data, also reports that for 2004, of total AA families, 17%, 18%, 22% and 44% are of low-, moderate-, middle- and upper-income respectively.

For KVNB's State College MSA AA, the majority of AA households (82%) were supported by wage or salaried jobs. For the same years, of State College Pennsylvania non-MSA AA households, 9% report persons over sixty five, 15% report retired residents, 20% derive income from social security and 19% subsist below poverty level. The 2000 census data also reports that for 2004, of total State College MSA AA housing units, 52% were owner occupied, the median housing value equaled \$124,902 and the median year built is 1970. These AA demographic factors impact loan demand for residential mortgage loans. Particularly affected is residential

mortgage demand from low-and moderate-income borrowers impacted by issues concerning housing availability and affordability. Additionally, a significant level of competition emanates from other financial institutions with significant market share in the State College MSA AA, where KVN B does not historically have a strong presence.

According to 2006 business demographic data, 6,726 businesses operate within KVN B's State College AA, of which 294 are farms. Small State College MSA AA businesses, which report revenues less than or equal to \$1,000,000, total 4,113 and represent 64% of total State College AA businesses. Approximately 57% of State College AA businesses reported having less than four employees. Of State College MSA AA businesses, 45% are classified as service and 16% are classified as retail trade. Additional State College AA businesses are classified as follows: finance, insurance and real estate (8%), construction (7%) agriculture, forestry and fishing (4%), manufacturing (4%), transportation and communication (3%), wholesale trade (3%) public administration (1%). The most significant State College AA employer is Pennsylvania State University for which the main campus is located in State College Pennsylvania.

KVN B has a far less significant presence in its State College MSA AA than in its Pennsylvania non-MSA AA. Over the evaluation period, according to FDIC market share reports, KVN B ranked fourteenth for deposit market share among financial institutions taking deposits from within its Pennsylvania non-MSA AA. Specifically, KVN B has garnered just .96% of the total dollar amount of Pennsylvania AA deposits. KVN B encounters competition within its Pennsylvania non-MSA AA for both deposits and loans.

Area competition is considered to be very strong and emanates from local community banks, regional banks, national non-bank financial institutions, and mortgage companies. Specifically, State College non-MSA AA competition emanates primarily from several local and regional financial institutions, some of which have been established in the area for many years. For example, Omega Bank operates 14 branch offices in KVN B's State College AA. Other local competitors operating five or more branch offices within the State College MSA AA include Manufacturers and Traders TC, Northwest Savings Bank, Citizens Bank of Pennsylvania, Nittany Bank, PNC Bank, Jersey Shore State Bank and Juniata Bank Northwest Savings Bank. Additional competitors also operate multiple branch offices in the State College MSA AA. KVN B also competes for loans with several larger multi-state financial institutions and national mortgage and credit card companies.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Lending Test

KVN B's performance with regard to the lending test is satisfactory.

When arriving at the Lending Test conclusions, more weight was placed on KVN B's performance in its Pennsylvania non-MSA AA than in its State College MSA AA since this is the AA in which KVN B operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans.

In arriving at conclusions for the Lending Test, equal weight was placed on KVN B's record of

originating residential mortgage and small business loans since loan volume over the evaluation period for these products was not dissimilar. More weight was placed on KVNB's record of originating residential mortgage and small business loans than its record of originating small farm loans, since over the evaluation period, KVNB's volume of residential mortgage and small business loan originations was significantly greater than its volume of small farm loan originations. KVNB's record of originating residential mortgage loans was measured by evaluating KVNB's home purchase, home improvement, and home mortgage refinance loan originations.

Also for the Lending Test consideration was given to the fact the KVNB's Pennsylvania non-MSA AA is comprised primarily of middle-income geographies, few moderate-income geographies and no low-income geographies. A relatively minimal number of owner occupied housing units, businesses and farms are located within the non-MSA AAs moderate-income geographies. Therefore appropriate emphasis was placed on KVNB's record of originating loans among AA geographies of different income levels as relative to its record of originating loans to AA borrowers of different income levels. KVNB's overall rating is the consolidation of conclusions reached for each test in the Pennsylvania MSA AA with consideration of KVNB's performance in its State College MSA AA.

Loan-to-Deposit Ratio

KVNB's loan to deposit ratio meets the standard for satisfactory performance, since it compares favorably to the average loan to deposit ratio exhibited by peer banks over the same period.

To assess KVNB's lending activity we analyzed loan to deposit data for loans originated over the evaluation period for KVNB and its peer group. KVNB's loan to deposit ratio was compared against a national peer group of banks.

Lending activity was measured by comparing the sixteen quarter average loan to deposit ratios reported by KVNB and its national peer group. The sixteen quarter average loan to deposit ratio was calculated using financial data reported since the previous evaluation. Specifically, the calculation included quarter-end financial data reported for each of sixteen quarters from 12/31/02 through 9/30/06.

KVNB's record of originating loans compares favorably to its national peer group particularly given the demographic context in which KVNB operates. Specifically, KVNB reported a sixteen quarter average loan to deposit ratio of 83%. In comparison, the peer group reported a sixteen quarter average loan to deposit ratio of 84%. KVNB's opportunities to lend are impacted by area loan demand and competition. Lending opportunities are affected by loan demand which is impacted by issues of housing availability and affordability. Lending opportunities are also affected by AA competition and particularly within its State College MSA AA, by KVNB's minimal historical presence.

Lending in Assessment Area

KVNB's record of lending within its AAs exceeds the standard for satisfactory performance since

the overwhelming majority of residential mortgage loans, small business and small farm loans extended over the evaluation period were originated within KVNB's combined AAs.

The evaluation of KVNB's record of lending in its AAs was performed at the bank level. To evaluate KVNB's record of lending in its combined AAs, we performed an analysis of KVNB's loan data collected over the evaluation period. Specifically we analyzed KVNB's residential real estate loan originations which included loans for purposes of home purchase, home improvement and home refinance. We also analyzed small loans originated to businesses and farms.

We analyzed residential real estate data reported according to Home Mortgage Disclosure Act requirements for 2004, 2005 and the first three quarters of 2006 as well as small business and farm data reported for 2004 and collected for the first eight months of 2005. KVNB was not required to collect small business and farm data subsequent to September 1, 2005. Nevertheless, for purposes of this evaluation, years 2004 and 2005 are considered to be representative of the bank's lending strategy since the most recent CRA evaluation. Therefore, small business and small data collected by KVNB for 2004 and 2005 was analyzed and used to represent KVNB's record of originating small business and farm loans over the entire evaluation period.

The following table details the distribution of analyzed residential real estate (home mortgage) small business and small farm loans originated by KVNB during the evaluation period inside and outside of its combined Pennsylvania non-MSA AA and State College MSA AA.

Table 1 – Lending in State College MSA and PA Non-MSA Assessment Areas Combined										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	848	88.70	108	11.30	956	\$73,694	83.63	\$14,442	16.37	\$88,136
Business Loans	463	93.35	33	6.65	496	\$47,503	88.59	\$6,120	11.41	\$53,623
Farm Loans	192	94.12	12	5.88	204	\$10,518	91.44	\$985	8.56	\$11,503
Totals	1,503	90.76	153	9.24		\$131,715	85.95	\$21,527	14.05	

Source: Data reported under HMDA.

An analysis of KVNB's residential real estate data revealed that of all the residential real estate loans originated by KVNB from 1/1/04 through 9/30/06, that 89% and 84% respectively of the number and dollars of home mortgage loans were originated within the combined AAs. Similarly, an analysis of KVNB's small business and small farm data revealed that of all the small business loans originated by KVNB from 1/1/04 through 9/1/05, that 93% and 89% respectively of the number and dollars of small business loans were originated within the combined AAs. The analysis also revealed that of all the small farm loans originated by KVNB from 1/1/04 through 9/1/05, that 94% and 91% respectively of the number and dollars of small farm loans were originated within the AAs.

Of KVNB's combined collected loan data, an analysis revealed that of the home mortgage, small business and small farm loans originated by KVNB over the evaluation period that 94%

and 91% respectively of the number and dollars of the loans were originated within KVNB's combined AAs.

Geographic Distribution of Loans

KVNB's record of lending in geographies of different income levels meets the standard for satisfactory performance since it is reasonable considering the demographic context in KVNB operates.

Pennsylvania non-MSA AA Residential Real Estate Lending

KVNB'S record of originating residential real estate loans among Pennsylvania non-MSA AA geographies of different income levels reflects a good dispersion considering the demographic context in which the KVNB operates.

Data collected and reported by KVNB reflecting residential real estate loans originated in its Pennsylvania non-MSA AA was analyzed. The analysis was performed to assess KVNB's record of distributing its residential real estate loan originations among Pennsylvania non-MSA AA geographies of different income levels.

Demographic data compiled during the 2000 U.S. census for KVNB's Pennsylvania non-MSA AA indicates that owner occupied AA housing is geographically dispersed as follows:

- 5.82% of AA owner occupied housing is located in moderate-income geographies
- 94.18% of AA owner occupied housing is located in middle-income geographies

Pennsylvania non-MSA AA demographic information derived from 2000 census data reports that of all owner-occupied housing available within the AA, just 5.82% is located within the Pennsylvania non-MSA AA's moderate-income geographies. The vast majority, 94.18% of all owner-occupied housing is located in the AA's middle-income geographies.

The following table details the distribution of residential real estate loans originated by KVNB during the evaluation period in its Pennsylvania non-MSA AA among geographies of different income levels.

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Table 3 - Geographic Distribution of Residential Real Estate Loans in PA non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	5.82	6.03	94.18	93.97	0.00	0.00
Home Improvement	0.00	0.00	5.82	4.14	94.18	95.86	0.00	0.00
Home Refinance	0.00	0.00	5.82	3.14	94.18	96.86	0.00	0.00

Source: Data reported under HMDA; U.S. Census data.

The analysis of KVNБ’s record of originating residential real estate loans revealed that of home purchase, home improvement and home mortgage refinance loans originated by KVNБ in its Pennsylvania non-MSA AA over the evaluation period that 6%, 4%, and 3% respectively were originated within moderate-income AA geographies. Comparatively as indicated above, of AA businesses, housing, just 5.82% is located within KVNБ’s moderate-income, AA geographies.

KVNБ’s Pennsylvania non-MSA AA does not contain any low-income geographies. Therefore, an analysis of KVNБ’s record of residential real estate lending in low-income AA geographies was not performed.

KVNБ’s record of originating residential real estate loans small throughout the Pennsylvania non-MSA AA is considered to be good, considering lending opportunities within moderate-income AA geographies as evidenced by the relatively minimal portion of total AA businesses housing in these geographies.

State College MSA AA Residential Real Estate Lending

KVNБ’S record of originating residential real estate loans among State College MSA AA geographies of different income levels reflects a good dispersion considering the demographic context in which the KVNБ operates.

Data collected and reported by KVNБ reflecting residential real estate loans originated in its State College MSA AA was analyzed. The analysis was performed to assess KVNБ’s record of distributing its residential real estate loan originations among State College MSA AA geographies of different income levels.

Demographic data compiled during the 2000 U.S. census for KVNБ’s State College MSA AA indicates that owner occupied AA housing is geographically dispersed as follows:

- 0.21% of AA owner occupied housing is located in low-income geographies
- 9.65% of AA owner occupied housing is located in moderate-income geographies
- 46.48% of AA owner occupied housing is located in middle-income geographies

- 43.66% of AA owner occupied housing is located in upper-income geographies

State College MSA AA demographic information derived from 2000 census data reports that of all owner-occupied housing available within the AA, just .21% and 9.65% are located within the State College MSA AA low-and moderate-income geographies respectively.

The following table details the distribution of residential real estate loans originated by KVNB during the evaluation period in its State College MSA AA among geographies of different income levels.

Geographic Distribution of Residential Real Estate Loans in State College MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.21	0.00	9.65	3.51	46.48	40.35	43.66	56.14
Home Improvement	0.21	0.00	9.65	11.11	46.48	33.33	43.66	55.56
Home Refinance	0.21	2.44	9.65	7.32	46.48	26.83	43.66	63.41

Source: Data reported under HMDA; U.S. Census data.

The analysis of KVNB’s record of originating residential real estate loans revealed that of home purchase, home improvement and home mortgage refinance loans originated by KVNB in its State College MSA AA over the evaluation period that 4%, 11%, and 7% respectively were originated within moderate-income AA geographies. Comparatively as indicated above, of owner occupied AA housing, just 9.65% is located within KVNB’s moderate-income, AA geographies. The vast majority, 90.14% of all owner-occupied housing available within KVNB’s State College AA, is located in the AA’s income middle- and upper-income geographies.

KVNB’s record of originating residential mortgage loans over the evaluation period in its State College MSA AA’s low-income geographies was not analyzed since it was determined that an analysis would not be meaningful. Opportunities for originating residential mortgage loans in KVNB’s State College MSA AA’s two low-income geographies are restricted by the fact that significantly less than 1% (.21%) of State College AA owner-occupied housing is located within the low-income AA geographies. Therefore, an analysis of KVNB’s record of lending in low-income AA geographies was not performed.

KVNB’s record of originating residential real estate loans throughout the Pennsylvania non-MSA AA is considered to be good, considering lending opportunities within moderate-income AA geographies as evidenced by the relatively minimal portion of total owner-occupied AA housing in these geographies.

Opportunities to originate residential real estate loans within the State College MSA AA may be impacted by demographics. The City of State College is situated west of the Pennsylvania non-

MSA AA counties of Mifflin, Huntingdon and Juniata and is removed from KVN B’s established branch network. Not only are the State College MSA AA’s low-and moderate-income geographies removed physically from where KVN B has an established presence but State College residents are also likely to patronize financial institutions that a more significant or historical AA presence.

Pennsylvania non-MSA AA Small Business Lending

KVN B's record of originating business purpose loans among Pennsylvania non- MSA AA geographies of different income levels reflects a reasonable dispersion considering the demographic context in which the KVN B operates.

Data collected by KVN B reflecting business purpose loans originated in its Pennsylvania non-MSA AA was analyzed. The analysis was performed to assess KVN B’s record of distributing small business loan originations among Pennsylvania non- MSA AA geographies of different income levels.

Demographic data compiled during the 2000 U.S. census for KVN B’s Pennsylvania non- MSA AA indicates that AA businesses are geographically dispersed as follows:

- 5% businesses are located in moderate-income geographies
- 90% businesses are located in middle-income geographies

The following table details the distribution of business purpose loans originated by KVN B during the evaluation period in its Pennsylvania non-MSA AA among geographies of different income levels.

Table 3A – Geographic Distribution of Loans to Businesses/Farms in PA Non-MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans	% of AA Businesses/Farms	% of Number of Loans
Farms	0.00	0.00	1.43	0.53	98.57	99.47	0.00	0.00
Businesses	0.00	0.00	9.97	4.83	90.03	95.17	0.00	0.00

Source: Dun and Bradstreet

The analysis of KVN B’s record of originating small business purpose loans revealed that of businesses purpose loans originated by KVN B in its Pennsylvania non-MSA AA over the evaluation period that 1% were originated within moderate-income AA geographies. Comparatively as indicated above, of AA businesses, housing, just 9.97% are located within KVN B’s moderate-income, AA geographies.

KVN B’s Pennsylvania non-MSA AA does not contain any low-income geographies. Therefore, an analysis of KVN B’s record of small business lending in low-income AA geographies was not performed.

Pennsylvania non-MSA AA Small Farm Lending

KVNB's record of originating small business purpose loans throughout the Pennsylvania non-MSA AA is considered to be reasonable, considering lending opportunities within moderate-income AA geographies as evidenced by the relatively small portion of total AA businesses housing in these geographies.

Demographic data compiled during the 2000 U.S. census for KVNB's Pennsylvania non-MSA AA indicates that AA farms are geographically dispersed as follows:

- 1% of AA farms are located in moderate-income geographies.
- 99% of AA farms are located in middle-income geographies

Opportunities for farm lending in the Pennsylvania non-MSA AA's moderate-income geographies are hampered by the fact that just 1% of reporting AA farms are located within the AA's moderate-income geographies. As a consequence of the limited number of farms located within PA non-MSA AA moderate-income geographies, KVNB had limited opportunity to originate farm purpose loans in moderate-income AA geographies. Therefore, an analysis of the geographic distribution of PA non-MSA AA small farm loan originations is not considered to be meaningful and consequently, was not performed.

State College MSA AA Small Business Lending

KVNB's record of originating business purpose loans among State College MSA AA geographies of different income levels reflects a reasonable dispersion considering the demographic context in which the KVNB operates.

Data collected by KVNB reflecting business purpose loans originated in its State College MSA AA was analyzed. The analysis was performed to assess KVNB's record of distributing small business loan originations among State College MSA AA geographies of different income levels.

Demographic data compiled during the 2000 U.S. census for KVNB's State College MSA AA indicates that AA businesses are geographically dispersed as follows:

- 16% of businesses are located in AA low-income geographies
- 8% of businesses are located in AA moderate-income geographies
- 39% of businesses are located in AA middle-income geographies
- 37% of businesses are located in AA upper-income geographies

The following table details the distribution of business purpose loans originated by KVNB during the evaluation period in its State College MSA AA among geographies of different income levels.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Farms	2.04	0.00	13.95	100.0	50.34	0.00	0.00	0.00
Businesses	15.81	4.26	8.13	12.77	38.39	42.55	37.11	40.43

Source: Dun and Bradstreet

The analysis of KVNB’s record of originating small business purpose loans revealed that of businesses purpose loans originated by KVNB in its State College MSA AA over the evaluation period that 4% and 13%, respectively were originated within low-and moderate-income AA geographies. Comparatively as indicated above, of AA businesses, just 15.81% and 8.13% are located within KVNB’s low-and moderate-income, AA geographies.

KVNB’s record of originating small business purpose loans throughout the State College MSA AA is considered to be reasonable, considering lending opportunities within low-and moderate-income AA geographies.

Lending opportunities within KVNB’s State College MSA AA are also impacted by area demographics and competition. The City of State College is situated west of the Pennsylvania non-MSA AA counties of Mifflin, Huntingdon and Juniata and is removed from KVNB’s established branch network. Not only are the State College MSA AA’s low-and moderate-income geographies removed physically from where KVNB has an established presence but State College businesses are also likely to patronize financial institutions that a more significant or historical AA presence.

State College MSA AA Small Farm Lending

Of total farm purpose loans originated by KVNB over the evaluation period, just one farm loan was originated in KVNB’s State College MSA AA. Therefore, an analysis of the geographic distribution of State College MSA AA small farm loan originations is not considered to be meaningful and consequently, was not performed.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

KVNB’s record of lending to borrowers of different income levels meets the standard for satisfactory performance considering the demographic context in which KVNB operates.

Pennsylvania non- MSA AA Residential Real Estate Lending

KVNB'S record of originating residential real estate loans among Pennsylvania non-MSA AA borrowers of different income levels reflects a good distribution considering the demographic context in which the KVNB operates.

Data collected and reported by KVNB reflecting residential real estate loans originated in its Pennsylvania non-MSA AA was analyzed. The analysis was performed to assess KVNB's record of distributing its residential real estate loan originations among Pennsylvania non-MSA AA borrowers of different income levels.

Demographic data compiled during the 2000 census for KVNB's Pennsylvania non-MSA AA, reports income levels of AA families as follows:

- 18.10% of Pennsylvania non-MSA AA families are low-income families
- 20.68% of Pennsylvania non-MSA AA families are moderate-income families
- 26.22% of Pennsylvania non-MSA AA families are middle-income families
- 35.00% of Pennsylvania non-MSA AA families are upper-income families

Pennsylvania non-MSA AA demographic information derived from annually updated HUD data reports that of all AA families, 18.10% and 20.68% are classified as low-and moderate-income respectively. Low-income Pennsylvania non-MSA AA families by definition are families with annual incomes below \$25,300. Moderate-income Pennsylvania non-MSA AA families by definition are families with annual incomes between \$25,300 and \$40,480.

The following table details the distribution of residential real estate loans originated by KVNB during the evaluation period in its Pennsylvania non-MSA AA among borrowers of different income levels.

PA non-MSA AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18%	4%	21%	23%	26%	25%	35%	48%
Home Improvement	18%	11%	21%	25%	26%	29%	35%	35%
Home Mortgage Refinance	18%	9%	21%	26%	26%	25%	35%	40%

KVNB's record of originating residential real estate loans revealed that of home purchase, home improvement and home mortgage refinance loans originated by KVNB in its Pennsylvania non-MSA AA over the evaluation period that 4%, 11% and 9% were originated to low-income AA borrowers and 23%, 25% and 26% were originated to moderate-income AA borrowers.

Comparatively as indicated above, of AA families, 18% and 21% are classified as low-and moderate-income AA families respectively.

Although KVNB's record of originating residential mortgages to Pennsylvania non-MSA borrowers does not reflect the percentage of Pennsylvania non-MSA AA families that are classified as low-income, nevertheless it is considered to be reasonable. Opportunities to originate residential real estate loans within the Pennsylvania non-MSA AA may be impacted by demographics including the extent to which the Pennsylvania non-MSA AA population is age 65 or older, retired, eligible for social security and/or at or below poverty level.

KVNB's record of lending to moderate-income Pennsylvania non-MSA AA borrowers is excellent. KVNB's record of originating residential mortgage loans to moderate-income AA borrowers exceeds the percentage of AA families that are classified as moderate-income. This level of residential mortgage lending to borrowers of different income levels is excellent considering the demographic context in which the KVNB operates.

Overall KVNB's record of distributing residential real estate loan originations among Pennsylvania non-MSA AA borrowers of different income levels is considered to be good considering the demographic context in which the KVNB operates.

State College MSA AA Residential Real Estate Lending

KVNB'S record of originating residential real estate loans among State College MSA AA borrowers of different income levels reflects a good distribution considering the demographic context in which the KVNB operates.

Data collected and reported by KVNB reflecting residential real estate loans originated in its State College MSA AA was analyzed. The analysis was performed to assess KVNB's record of distributing its residential real estate loan originations among State College MSA AA borrowers of different income levels.

Demographic data compiled during the 2000 census for KVNB's State College MSA AA, reports income levels of AA families as follows:

- 16.51% of State College MSA AA families are low-income families
- 17.70% of State College MSA AA families are moderate-income families
- 18.22% of State College MSA AA families are middle-income families
- 10.49% of State College MSA AA families are upper-income families

State College MSA AA demographic information derived from annually updated HUD data reports that of all AA families, 16.51% and 17.70% are classified as low-and moderate-income respectively. Low-income State College MSA AA families by definition are families with annual incomes below \$30,850. Moderate-income State College MSA AA families by definition are families with annual incomes between \$30,850 and \$49,360.

The following table details the distribution of residential real estate loans originated by KVNB during the evaluation period in its State College MSA AA among borrowers of different income levels.

State College AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17%	2%	18%	11%	18%	17%	10%	70%
Home Improvement	17%	25%	18%	13%	18%	38%	10%	25%
Home Mortgage Refinance	17%	5%	18%	11%	18%	21%	10%	63%

KVNB’s record of originating residential real estate loans revealed that of home purchase, home improvement and home mortgage refinance loans originated by KVNB in its State College MSA AA over the evaluation period that 2%, 25% and 5% were originated to low-income AA borrowers and 11%, 13% and 11% were originated to moderate-income AA borrowers. Comparatively as indicated above, of AA families, 17% and 18% are classified as low-and moderate-income AA families respectively.

KVNB’s record of originating home purchase loans to State College MSA AA borrowers does not reflect the percentage of AA families that are classified as low-income. However, KVNB’s record of originating home improvement loans to low-income AA borrowers exceeds the percentage of AA families that are classified as low-income. KVNB’s record of originating home mortgage refinance loans to AA borrowers is nearer to but also does not reflect the percentage of AA families that are classified as moderate-income.

Opportunities to originate residential real estate loans within the State College MSA AA may be impacted by demographics including the extent to which the State College MSA AA population is age 65 or older, retired, eligible for social security and/or at or below poverty level combined with the median AA housing value. Residential real estate lending opportunities may also be impacted by KVNB’s minimal historic AA presence combined with significant competition.

The City of State College is situated west of and is somewhat removed from KVNB’s established branch network. Not only are State College MSA AA’s low-and moderate-income borrowers removed physically from where KVNB has an established presence but State College borrowers are also likely to patronize financial institutions that a more significant or historical AA presence.

Overall KVNB’s record of distributing residential real estate loan originations among Pennsylvania non-MSA AA borrowers of different income levels is considered to be reasonable considering the demographic context in which the KVNB operates.

Pennsylvania non-MSA AA Small Business Lending

KVNB'S record of originating business purpose loans among Pennsylvania non-MSA AA businesses of different sizes reflects a good distribution considering the demographic context in which the KVNB operates.

Data collected by KVNB reflecting business purpose loans originated in its Pennsylvania non-MSA AA was analyzed. The analysis was performed to assess KVNB's record of distributing its business loan originations among Pennsylvania non-MSA AA businesses of different sizes.

Demographic data compiled during the 2000 census for KVNB's Pennsylvania non-MSA AA indicates that of AA businesses, which reported annual revenues, revenue was recorded as follows:

- 65% of AA business report annual revenues < or = \$1 million
- 35% of AA business report annual revenues > than \$1 million

Pennsylvania non-MSA AA demographic information derived from Dunn and Bradstreet reports that of all AA businesses, 65% are classified as small. Small business loans are defined as those loans made to business enterprises whose annual, gross revenues are \$1 million or less.

Comparatively, of business purpose loans originated by KVNB to businesses during the evaluation period, 82% of business loans were originated to Pennsylvania non-MSA AA small businesses.

KVNB is also responsive to the needs of Pennsylvania non-MSA AA small businesses. The vast majority of business purpose loans originated by KVNB to AA businesses represent the smaller dollar amounts needed by AA businesses. For example, of analyzed AA business purpose loans 80%, 11% and 9% were originated for dollar amounts of \$100,000 or less, \$100,000-\$250,000 and \$250,000-\$1,000,000.

KVNB's record of originating business purpose loans to Pennsylvania MSA AA businesses of different sizes is excellent.

Pennsylvania non-MSA AA Small Farm Lending

KVNB'S record of originating farm purpose loans among Pennsylvania non-MSA AA farms of different sizes reflects a good distribution considering the demographic context in which the KVNB operates.

Data collected by KVNB reflecting business farm purpose loans originated in its Pennsylvania non-MSA AA was analyzed. The analysis was performed to assess KVNB's record of distributing its farm loan originations among Pennsylvania non-MSA AA farms of different sizes.

Demographic data compiled during the 2000 census for KVNB's Pennsylvania non-MSA AA indicates that of AA farms, which reported annual revenues, revenue was recorded as follows:

- 92% of AA farms report annual revenues < or = \$1 million
- 8% of AA farms report annual revenues > than \$1 million

Pennsylvania non-MSA AA demographic information derived from Dunn and Bradstreet reports that of all AA farms, 92% are classified as small. Small farm loans are defined as those loans made to farm enterprises whose annual, gross revenues are \$1 million or less.

Comparatively, of business purpose loans originated by KVNB to businesses during the evaluation period, 98% of business loans were originated to Pennsylvania non-MSA AA small businesses.

KVNB is also responsive to the needs of PA non-MSA AA small farms. The vast majority of farm purpose loans originated by KVNB to PA non-MSA AA farms represent the smaller dollar amounts needed by AA farms. For example, of analyzed AA farm purpose loans 86%, 10% and 4% were originated for dollar amounts of \$100,000 or less, \$100,000-\$250,000 and \$250,000-\$1,000,000.

KVNB's record of originating farm purpose loans to Pennsylvania MSA AA farms of different sizes is excellent.

State College MSA AA Small Business Lending

KVNB'S record of originating business purpose loans among State College MSA AA businesses of different sizes reflects a good distribution considering the demographic context in which the KVNB operates.

Data collected by KVNB reflecting business purpose loans originated in its State College MSA AA was analyzed. The analysis was performed to assess KVNB's record of distributing its business loan originations among State College MSA AA businesses of different sizes.

Demographic data compiled during the 2000 census for KVNB's State College MSA AA indicates that of AA businesses, which reported annual revenues, revenue was recorded as follows:

- 64% of AA business report annual revenues < or = \$1 million
- 36% of AA business report annual revenues > than \$1 million

State College MSA AA demographic information derived from Dunn and Bradstreet reports that of all AA businesses, 64% are classified as small. Small business loans are defined as those loans made to business enterprises whose annual, gross revenues are \$1 million or less.

Comparatively, of business purpose loans originated by KVNB to businesses during the evaluation period, 77% of business loans were originated to State College MSA AA small businesses.

KVNB is also responsive to the needs of State College AA small businesses. A significant volume of business purpose loans originated by KVNB to State College AA businesses represent the smaller dollar amounts needed by AA businesses. For example, of analyzed AA business purpose loans 38%, 35% and 27% were originated for dollar amounts of \$100,000 or less, \$100,000-\$250,000 and \$250,000-\$1,000,000.

KVNB's record of originating business purpose loans to State College MSA AA businesses of different sizes is excellent.

State College MSA AA Small Farm Lending

Of total farm purpose loans originated by KVNB over the evaluation period, just one farm loan was originated in KVNB's State College MSA AA. Therefore, an analysis of the borrower distribution of State College MSA AA small farm loan originations is not considered to be meaningful and consequently, was not performed.

Responses to Complaints

No complaints have been received since the last examination.

Community Development Test

KVNB's performance with regard to the Community Development Test is satisfactory.

Number and amount of community development loans

KVNB record of originating CD loans meets the standard for satisfactory performance since the loan was responsive to the needs of its AA, despite limited area CD opportunities.

We determined that limited opportunities for community development lending exist within the AAs. Competition from both large regional financial institutions and other area community to originate CD loans is considered to be very strong.

KVNB over the evaluation, originated one CD loan period totaling \$125 thousand. The CD loan met a need within the AA in which KVNB primarily operates. The above mentioned CD loan originated by KVNB is described below.

In April of 2006, KVNB originated a loan totaling \$125 thousand. The loan was originated to a local AA borough. The purpose of the loan was to construct a community center. The construction of the community center included the creation of needed common physical space available for meeting purposes to local area residents. The community center is designed to serve the residents of a geographic area which encompasses both of the Pennsylvania non-MSA AA's two moderate-income geographies. The loan proceeds contribute to the stabilization and revitalization of moderate-income Pennsylvania non-MSA AA geographies.

State College MSA AA Community Development Loans

KVNB did not originate any community development loans over the evaluation period which can be attributed to KVNB's State College MSA AA.

Number and amount of qualified investments

KVNB record of purchasing CD investments and granting CD donations meets the standard for satisfactory performance since the investments and donations were responsive to the needs of its AAs, despite limited area CD opportunities.

KVNB over the evaluation period, disbursed funds to purchase two CD investments and grant six CD donations totaling \$513 thousand. CD investments funded by KVNB met the needs of its AAs. The above mentioned CD investments funded by KVNB are described below.

Statewide / Regional Community Development Investments

A portion of the CD investments purchased by KVNB over the evaluation period were statewide or regional in nature and benefited or had the potential to benefit both of KVNB's AAs.

KVNB invested \$500,000 in a statewide Pennsylvania limited partnership venture. The venture is statewide in nature, and has the potential to benefit the KVNBs AAs, and addresses an identified small business credit need. The partnership identifies, evaluates and provides initial institutional investment to growing businesses at various developmental stages. The organization's strategy is to invest in businesses that have established a product or service and / or have the potential to generate profits but are in need of expansion stage capital that cannot be obtained through more traditional channels. Of total capital deployed, plans entail disbursing 25% to growth stage businesses and 75% to expansion stage businesses. Partnership requirements for capital investment require 80% of total capital to be invested within geographies considered to be low-income, Federal Empowerment, Enterprise and HUBZones.

In addition to the qualified larger area investments described above, KVNB also purchased CD investments, which can be specifically attributed to its individual AAs.

Pennsylvania non-MSA AA Community Development Investments

In June of 2005, KVNB purchased a bond totaling \$130 thousand. The bond benefited a local AA municipal authority. The municipal authority serves the residents of a geographic area which encompasses both of the Pennsylvania AA's two moderate-income geographies. The bond proceeds contribute to the stabilization and revitalization of moderate-income Pennsylvania non-MSA AA geographies.

KVNB's investment in the Pennsylvania limited partnership venture also had the potential to benefit KVNB's Pennsylvania non MSA AA.

State College MSA AA Community Development Investments

KVNB did not purchase any community development investments over the evaluation period which can be specifically attributed to KVNB's State College MSA AA.

KVNB's investment in the Pennsylvania limited partnership venture is considered to be statewide in nature also directly benefited the State College assessment area through a specific investment in a business operating in the State College MSA AA..

Additionally, over the evaluation period, KVNB extended six (6) qualified grants and donations totaling approximately \$3 thousand which benefited its AAs. These grants and donations benefited local non-profit organizations focusing on various community development initiatives serving the needs of low-and moderate-income AA residents.

Extent to which the bank provides community development services

KVNB's responsiveness through community development activities, to community development lending, investment, and services needs meets the standard for satisfactory performance.

KVNB over the evaluation period participated in several CD services which met the needs of its AAs. CD services in which representatives of KVNB participated are described below.

Pennsylvania non-MSA AA Community Development Services

A KVNB Vice President and Commercial Relationship Manager served in an advisory capacity with several local organizations including a micro-enterprise committee and small business development organization. The organizations focus on regional economic community development and planning though supporting small business expansion. Included in the purpose of these local organizations is securing financing for potential borrowers unlikely to qualify for loans through traditional banking channels.

- KVNB Branch Manager and Commercial Relationship Manager serves on the Board of Directors and as Treasurer of the Mifflin County chapter of Habitat for Humanity.
- A KVNB Executive Vice President serves on the Board of Directors for a local organization which focuses on revitalizing a local geographic area which encompasses both of the Pennsylvania AA's moderate-income geographies.
- KVNB provides service accessibility within its Pennsylvania non-MSA AA through its branch office and ATM network and through alternative delivery systems. In order to determine the accessibility of KVNB's delivery systems, population demographics, branches and ATMs locations were considered.

KVNB operates eight of its nine full service branch offices within its Pennsylvania non-MSA AA. Of these eight AA branches, all are located within middle-income AA geographies. The Pennsylvania non-MSA AA contains no low-income geographies. In comparison, of the Pennsylvania non-MSA AA population 8% and 92% reside moderate-and middle-income AA geographies respectively. The remainder and vast majority of the AA population, however resides within middle-and upper-income AA geographies. During the evaluation period, KVNB

opened one branch office in its Pennsylvania non-MSA. This new branch office was opened in a middle-income AA geography.

Although KVN B does not operate any of its branch offices physically within a moderate-income Pennsylvania non-MSA AA geography, the two moderate-income AA geographies are situated in close proximity to the branch office KVN B opened during the evaluation period. Therefore, KVN B's record of branch openings over the evaluation period has had a positive effect on the accessibility of delivery systems throughout the Pennsylvania non-MSA AA.

KVN B opened its single State College AA branch office during the evaluation period. The new KVN B branch office was opened in a middle-income AA geography. Of the State College MSA AA population, just 9% and 11%, reside in low-and moderate-income AA geographies. The remainder and vast majority of the AA population, however resides within middle-and upper-income AA geographies.

KVN B's ATM network offers alternative delivery systems for delivering retail-banking services. The bank maintains five ATMs at branch locations in the AA. One of the ATMs is situated in close proximity to the two moderate-income Pennsylvania non-MSA AA geographies. KVN B also maintains an Internet website. Transactions such as account transfers, check ordering, and placing of stop payments may be performed through the Internet website

KVN B's and hours of operation, products and services are comparable among AA branch offices regardless of the income levels of those geographies. KVN B's operating hours and services between Monday and Friday are supplemented by Saturday morning hours at all but two branch offices. KVN B's traditional line of banking products and services are offered at all branches offices.

KVN B offers a variety of checking account products. One of the products is a no minimum balance, no monthly service charge checking account tailored to senior citizens on fixed incomes. The bank also provides these depositors with free checks. The bank's basic personal checking account has a \$2.00 per month service charge, with no minimum balance requirement. Additionally, the bank offers a no minimum balance, no monthly service charge checking account product for students.

KVN B maintains a twenty-four hour telephone banking system for deposit and transaction verifications as well as transfers between accounts. Since the bank could not provide specific information on how low- and moderate-income individuals are impacted by these services, significant weight was not placed on these alternative delivery systems.

State College MSA AA Community Development Services

KVN B did not participate in any community development investments over the evaluation period which can be specifically attributed to KVN B's State College MSA AA.

KVN B provides service accessibility within its State College MSA AA through its branch office and ATM network and through alternative delivery systems.

KVNB currently operates just one of its nine full service branch offices within its State College MSA AA. KVNB opened its single State College AA branch office during the evaluation period. The new KVNB branch office was opened in a middle-income AA geography. Of the State College MSA AA population, just 9% and 11%, reside in low-and moderate-income AA geographies. The remainder and vast majority of the AA population, however resides within middle-and upper-income AA geographies.

The range of services and hours of operation offered by KVNB within its State College MSA AA are consistent with the services and hours offered within its Pennsylvania non-MSA AA.

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.