



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

May 04, 2009

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

Union National Community Bank  
Charter Number: 1516

570 Lausch Lane  
Lancaster, PA 17601-3057

Office of the Comptroller of the Currency

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

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## Overall CRA Rating

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

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

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

- UNCB's lending activity is adequate, given the bank's size, resources, and competition in the bank's major markets.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area (AA).
- During the evaluation period, UNCB originated a substantial majority of its loans in the AA.
- The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different sizes.
- Community development lending has a positive impact.
- UNCB has a poor level of qualified investments and grants and does not use innovative or complex qualified investments.
- Service delivery systems are accessible to geographies and individuals of different income levels.
- UNCB provides a good level of community development services.

## Definitions and Common Abbreviations

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

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

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

**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 additional 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

Union National Community Bank (UNCB) is an intrastate community bank with total assets of \$485 million as of December 31, 2008. UNCB is a subsidiary of Union National Financial Corporation (UNFC), headquartered in Lancaster, Pennsylvania. UNCF is a one bank holding company. UNFC's stock is traded on the over-the-counter market under the symbol UNNF. UNCF is not considered in this evaluation as it does not impact the bank's capacity for community reinvestment. UNCB is a full service bank offering a wide range of commercial and personal banking products within their Pennsylvania market. The bank offers a variety of commercial, consumer and real estate loans to suit their customers' needs. UNCB does not originate consumer mortgages, but has a marketing agreement with a home mortgage company, Select Funding. The bank went into the marketing agreement after UNCB's mortgage subsidiary, HomeTeam LLC, disbanded in 2007. In addition to its traditional personal and commercial banking services, UNCB also offers insurance, retirement plans, and wealth management services through Union National Advisors, the trust and investment division of UNCB. UNCB currently has ten full service branches, each with an ATM. UNCB has not closed any branches since the prior CRA exam; however, three branches have been opened. None of the new branches are in low- or moderate-income census tracts (CT). UNCB has designated one assessment area (AA), which is comprised of 67 contiguous CTs located in Western Lancaster County. The AA is part of the Lancaster County metropolitan statistical area (MSA) #29540.

As of December 31, 2008, net loans and leases totaled \$358 million or 73.9 percent of total assets. Total deposits were \$384 million. Tier 1 Capital as of December 31, 2008 was \$40.6 million. The loan portfolio is broken down as follows:

Loan Category	Residential Mortgage Loans	Commercial Real Estate Loans	Commercial Loans	Other
\$ amount (in thousands)	\$127,636	\$146,376	\$35,061	\$49,207
% of loan portfolio	35.62%	40.86%	9.79%	13.73%

Numbers as of 12/31/2008

The bank's primary strategy is to meet the credit needs of the community and originate small business and farm loans. UNCB is in a highly competitive marketplace. Competition comes from large community banks, regional and national financial institutions as well as credit unions, non-bank financial institutions and mortgage companies. UNCB's primary competitors include Citizens Bank, TD Bank, Ephrata National Bank, Fulton Bank, Graystone Bank, M&T Bank, PNC Bank and Wachovia.

There were no financial or legal impediments to hinder UNCB's ability to help meet the community's credit needs.

UNCB was rated "Satisfactory" at its last CRA Performance Evaluation dated March 13, 2006.

## **Scope of the Evaluation**

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

All tests were evaluated using Census 2000 demographic data and the Metropolitan Statistical Area (MSA) boundaries.

The evaluation for the Lending Test covers January 1, 2006 through December 30, 2008. For the Lending Test we evaluated home mortgage loans (home improvement and mortgage refinance) and small loans to businesses. Bank management does not track consumer loans, and did not request they be included in the examination scope. In addition, the bank does not originate home purchase loans, so they are not included in the examination scope.

For the CD Loans, Investment, and Service Tests, the evaluation period is from March 14, 2006 through May 4, 2009. The Investment Test included a review of investments, grants, and donations made in the bank's AA that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at May 4, 2009, were given appropriate consideration. The Service Test included a review of retail and community development services provided in the bank's AA.

### **Data Integrity**

UNCB's publicly filed information for Home Mortgage Disclosure Act (HMDA) reportable loans and small loans to businesses were tested for accuracy prior to the start of the exam. Discrepancies were noted and the bank re-filed. As a part of this exam, testing was completed to ensure corrections were made. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA evaluation.

Community Development (CD) loans, investments and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

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

We performed a full scope review on the bank's single assessment area, Lancaster County, Pennsylvania MSA# 29540. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Refer to the market profile of the Lancaster County AA located in appendix B for detailed demographics and other performance context information.

### **Ratings**

UNCB's overall rating is comprised strictly of the full-scope review, as the bank only has one AA.

The Lending Test was more heavily weighted than the Service or Investment Test. Small loans to businesses were also given more weight due to the higher volume of this type of loan

in comparison to HMDA refinance and home-improvement loans. In addition, for HMDA loans, more weight was given to the higher volume home improvement loans.

Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

Our conclusions regarding the community development services were based on the number of services performed, the number of people providing services, and the type of services performed.

## **Other**

In conducting the assessment of the bank's performance, we contacted one local small business and affordable housing lending organization. The contact indicated that there is a need for affordable housing and small business loans throughout Lancaster County. The organization aids these individuals and businesses in receiving loans (both term and lines of credit) for business operations. Overall, the contact felt that local community banks were receptive to meeting the credit needs of the area.

## **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.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test in Pennsylvania is rated "low satisfactory." Based on full-scope reviews, the bank's performance in the Lancaster County AA is adequate.

#### Lending Activity

##### *Home Mortgage Loans*

UNCB's mortgage lending penetration is adequate in Lancaster County when taking into consideration the strong competition from large national and regional banks in the area and is reflective of the credit needs of the community.

There are 10 full service offices in the AA. Based on the June 30, 2008 FDIC Summary of Deposits, within the AA, the bank ranked sixth out of 19 institutions with a 4.23 percent market share. Banks ranked ahead of UNCB include Fulton Bank, Susquehanna Bank, BLC Bank, NA, Wachovia Bank and Ephrata National Bank.

UNCB is ranked competitively among mortgage lenders in Lancaster County. Based on the 2007 market share data for all mortgage data, the bank ranked 23rd out of 288 lenders with 1.42 percent market share by number of loans. This is considered an adequate level of penetration given the highly competitive market. The top ten lenders are comprised of large nationwide banks and mortgage companies. Collectively, these larger institutions capture 37 percent of the market with market share ranging from over 2 percent to over 5 percent.

Based on this same 2007 HMDA aggregate data, UNCB is 7th out of 105 lenders in the AA with a 4.03 percent market share in home improvement lending, and 9th out of 235 lenders in the AA with a 2.55 percent market share in home refinance lending.

##### *Small Loans to Businesses*

Based upon the 2007 CRA aggregate data, UNCB ranked 17th out of 72 lenders with a market share of 1.29 percent based upon number of loans and 4.89 percent based upon the total dollar amount. The top five national banks and credit card lenders capture 63 percent of the market share by count. The competition in UNCB's AA is high; but the level of penetration is considered adequate in comparison to the bank's deposit market share of 4.23 percent.

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

The overall geographic distribution of loans is adequate. The distribution of home mortgage loans across different geographies is poor, while the geographic distribution of small loans to businesses is strong. More weight was placed on small loans to businesses as this represents a larger percentage of the bank's lending.

Lending activities may be limited due to the composition of the income levels. 3,114 families reside in low-income tracts, of these families 60 percent are low-income families and an additional 17 percent are moderate-income families. Conversely 7,989 families reside in the moderate-income tracts, of these families 35 percent are low-income families and an additional 27 percent are moderate-income families. Low- and moderate-income families have average family incomes of \$21,791 and \$35,096, respectively. Thus, home ownership is difficult for families at that income level, as the median house price in the low-income geography is \$67,070 and the moderate-income geography is \$69,139.

## **Lancaster County AA**

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

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

### **Home Improvement Lending**

The geographic distribution of home improvement lending is adequate. UNCB does not have any lending in the low-income geographies. The percentage of lending in the moderate-income geographies is near the percent of owner occupied housing in these geographies. In addition, UNCB's market share in low- and moderate-income tracts is below its overall market share.

### **Home Refinance Lending**

The geographic distribution of home refinance lending is poor. UNCB does not have any lending in the low-income geographies. The percent of lending in the low- and moderate-income geographies is significantly below the percent of owner occupied housing in these geographies. UNCB's market share in low- and moderate-income tracts is significantly below its overall market share.

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

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

Geographic distribution of small loans to businesses is strong. The percent of small loans to businesses in low-income geographies is below the percentage of businesses in these geographies. However, UNCB's market share of small loans to businesses is above its overall market share. The percent of small loans to businesses in moderate-income geographies is significantly above the percent of businesses in these geographies. UNCB's market share of small loans to businesses is significantly above its overall market share in moderate-income geographies.

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

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in lending.

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

During the evaluation period, UNCB originated a substantial majority of its loans in the Lancaster County AA. During the evaluation period from 2006 to December 31, 2008, over 91 percent of the number and over 88 percent of the dollar amount of HMDA originations and purchases were within the bank's assessment areas. The number and dollar amount of loans originated in the AA during the evaluation period by product types are as follows: 94 percent of the number and 92 percent of the dollar amount of home improvement loans and 90 percent of the number and 89 percent of the dollar amount of home refinance loans. Regarding small loans to businesses, 88 percent of the number and 86 percent of the dollar amount of total originations were within AA. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The overall borrower distribution of loans is good. The distribution of home mortgage loans among borrowers of different income levels and distribution among businesses of different sizes is good.

In our analysis, we considered the lack of affordability for a low-income individual or family to purchase a home. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income individuals or families.

During the evaluation period, the weighted average of median housing value for Lancaster County was \$112,117 and a low-income individual or family earned less than \$21,791. Further, 7.4 percent of the households within the AA were below the poverty level and are considered very low-income.

The market for loans to small businesses with revenues equal to or under \$1 million is very competitive in the MSA. UNCB ranks 17th out of 72 lenders with a market share of 1.29 percent. The top five national institutions and credit card companies control approximately 62 percent of the market share. Based on dollar amount, UNCB has a market share of 4.89 percent. This evidences the bank's desire to service the lending needs of small businesses.

### **Lancaster County AA**

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

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

#### **Home Improvement Lending**

The borrower distribution of home improvement loans is good. The percent of loans originated to low-income borrowers is below the percent of low-income families in the AA and UNCB's market share for low-income individuals is near its overall market share. However, the percent of loans originated to moderate-income borrowers is above the percent of low-income families

in the AA. In addition, UNCB's market share for moderate-income individuals is above its overall market share.

As a percentage of all home improvement loans made in the AA, 1.60 percent was made to low-income borrowers. This is evidence of limited opportunities for the bank to lend to low-income individuals as the percentage of low-income families is 16.09 percent.

### **Home Refinance Lending**

The geographic distribution of home refinance lending is adequate. The percent of loans originated to low-income borrowers is below the percent of low-income families in the AA; however, UNCB's market share in low-income tracts exceeds its overall market share. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income families in the AA. UNCB's market share in moderate-income tracts is below its overall market share.

As a percentage of all home refinancing loans made in the AA, 9.46 percent were made to low- and moderate-income borrowers. The percentage of low- and moderate-income families in the AA is 35.69 percent, which is evidence of the limited opportunity for the bank to lend to low- and moderate-income individuals.

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

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

The distribution of small loans to businesses is good when considering the distribution by size of loan and the strong competition from large national, regional, and credit card banks.

The percent of small loans to businesses with gross annual revenues of \$1 million or less is below the percent of businesses in the AA. UNCB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that 59 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

In addition to the small loans to businesses discussed above, the bank also originated 176 loans totaling \$15,729,095 to businesses secured by residential real estate in the Lancaster County AA during the evaluation period. All of the loans were below \$1 million dollars and the purpose of the loan was for the business; however, they are not included in the analysis because they are not secured by non-farm, non-residential real estate.

### **Community Development Lending**

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

The bank's community development lending has a positive impact on the bank's rating. UNCB has made a good level of community development loans.

During this evaluation period the bank originated three loans within the Lancaster County AA which met the definition of community development loans. The three loans totaled \$4,029,500 or almost 10 percent of Tier I Capital.

It should be noted that during the evaluation period UNCB granted loans that have the same characteristics of community development loans but were CRA small business and small farm reportable. During the evaluation period the bank closed ten loans totaling over \$3 million. The loans were used to promote economic development by financing small businesses or small farm.

## **Product Innovation and Flexibility**

Innovative and flexible products have a neutral impact on the bank's rating. During the evaluation period, the bank did not offer any new products tailored to low- and moderate-income individuals or families.

## **INVESTMENT TEST**

### **Lancaster County AA**

The bank's performance under the investment test is rated "needs to improve". Based on full-scope reviews, the bank's performance in the Lancaster County AA is poor.

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

### **Lancaster County AA**

UNCB has a poor level of qualified investments and grants and exhibited poor responsiveness to credit and community economic development needs. Total qualified investments and grants represent a low 0.5 percent of Tier I Capital. The bank has not invested in any innovative or complex investments during this evaluation period. Investment opportunities do exist in the AA; however, management has not been proactive about finding opportunities.

The bank did not purchase any new CRA investments during the evaluation period. As of May 4, 2009, the bank was holding CRA investments with a book value of \$169,053. The investments are two low-income housing investments in the Lancaster County AA which were purchased in 1995 and 1990, respectively.

UNCB also made 9 grants and donations during the evaluation period, for a total of \$21,750 to numerous organizations that provide economic development, affordable housing, and community services to low- and moderate-income individuals in the Lancaster County AA.

## **SERVICE TEST**

### **Lancaster County AA**

The bank's performance under the Service Test is rated "high satisfactory". Based on full-scope reviews, the bank's performance in the Lancaster County AA is good.

## Retail Banking Services

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

UNCB's service delivery systems are accessible to geographies and individuals of different income levels in its AA. Branch locations are in upper, middle, and moderate income geographies; however three are in proximity of the AA's low- and moderate-income geographies with access available via main thoroughfares and public transportation.

UNCB provides banking services throughout the entire AA with ten full service branches. As a percent of the total number of branches, ten percent (or one) of the full service branches are located in the upper-income geographies where 13.38 percent of the population resides, while 80 percent (or eight) of the full service branches are located in middle-income geographies where 70.85 percent of the population resides. There is one full service branch (or 10 percent) located in the moderate-income geographies where 11.19 percent of the population resides. None of the full service branches are located in low-income geographies.

There is one full service branch adjacent to two of the ten moderate-income geographies. With 11.19 percent of the population residing in moderate-income geographies, the distribution of UNCB's branches adjacent to and located within moderate-income geographies exceeds the percent of the population residing in such geographies. However, there are no full service branches adjacent to any of the five low-income geographies where 4.58 percent of the population resides.

UNCB's service hours provide convenience and reasonable access for the entire community. Services offered to all customers are consistent with, and do not preclude convenient access to low- to moderate-income individuals living within the AA. Nine of the ten full service branches offer drive-up facilities. All of the branches have ATM services and have extended weekday evening hours and extended Friday evening hours. Nine of the branches offer Saturday banking hours and one offers Sunday banking hours.

UNCB opened three branch facilities during the evaluation period; however, none were located in or adjacent to low- or moderate-income geographies. Two of the branches opened were in middle-income geographies and one was in an upper-income geography. There are no plans to open or close any branches in the near future. The new branches have not adversely affected the accessibility of UNCB's delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

A full line of traditional banking products and services are offered at all the branches. In addition, UNCB has an assortment of products that assist low- to moderate-income individuals and families. The bank offers the following deposit accounts with no or low minimum balances:

**Minor Statement Savings Account** (Student savings account with no minimum to open the account, no minimum balance to maintain, and no service charges.)

**Free Checking Accounts** (No minimum balance, unlimited check writing, no limit on transactions and no monthly maintenance fees)

**IRA Statement Savings** (Low \$50 minimum to open the account; no monthly service charges).

In addition, UNCB offers free business checking accounts.

The bank also offers free online banking for personal accounts and business accounts. In addition, customers can use the bank's 24 hour Telephone Banking services. A customer can decide to use the Telephone Banking Center, where live customer service representatives will assist customers with requests, or the customer may access the service 24 hours a day without the benefit of a live customer service representative.

### **Community Development Services**

UNCB provides a good level of community development services within its AA. During the evaluation period nine employees provided financial expertise and leadership services to eight different qualifying community development organizations serving the AA. The following are the CD services provided by UNCB in which employees hold key positions:

**Homes of Hope** (*Provides transitional housing to current homeless families in an effort to stabilize their lives and find affordable housing. In addition, they provide financial counseling and mentors to families to help them reach their financial goals.*)

- Mentor (uses financial skills)
- Board Member

**Elizabethtown Chamber of Commerce** (*Helps small businesses with their needs in the Elizabethtown area*)

- Board Member

**Community Life Network** (*Focus is on affordable housing.*)

- Director of Finance Committee

**Main Street Mount Joy** (*Focus is on revitalizing downtown Mount Joy and strengthening the economic base through business retentions and recruitment.*)

- Economic restructuring committee chair
- Economic restructuring committee member
- Board Member at large (bank representative)

**Lancaster EDC** (*Strategic economic development organization*)

- Board Member

**Ephrata Chamber of Commerce** (*Helps small businesses with their needs in the Ephrata area*)

- Board Member

**East Donegal Township** (*Economic development in East Donegal Township.*)

- Township supervisor

**Downtown Ephrata, Inc** (*Focus is on revitalizing downtown Ephrata and strengthening the economic base through business retentions and recruitment.*)

- Economic restructuring committee member

## 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): (01/01/2006 to 12/31/2008) Investment and Service Tests and CD Loans: (03/14/2006 to 05/04/2009)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Union National Community Bank (UNCB) City, State) Lancaster, PA	Home refinance and home improvement loans, small loans to businesses, small loans to farms, CD loans, investments and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>Union National Financial Corporation (UNCF)</i>	Holding Company	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lancaster County MSA #29540	Full-Scope	N/A

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

### Lancaster County, Pennsylvania MSA #29540

Demographic Information for Full-Scope Area: Lancaster County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	67	7.46	14.93	67.16	10.45	N/A
Population by Geography	321,923	4.58	11.19	70.85	13.38	N/A
Owner-Occupied Housing by Geography	83,642	1.72	8.20	74.69	15.39	N/A
Businesses by Geography	21,769	5.76	9.20	69.80	15.25	N/A
Farms by Geography	892	0.67	0.78	91.14	0.40	N/A
Family Distribution by Income Level	84,944	3.67	9.41	72.39	14.54	N/A
Distribution of Low- and Moderate-Income Families throughout AA Geographies	30,320	7.92	16.34	67.18	8.56	N/A
Median Family Income = \$ 53,994			Median Housing Value = \$ 112,117			
HUD Adjusted Median Family Income for 2008 = \$ 64,200			Unemployment Rate = % 7.30			
Households Below the Poverty Level = 9,075						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2008 HUD updated MFI.

UNCB's AA is made up of a portion of Lancaster County MSA #29540. According to the 2000 U.S. Census Data, the AA contains 67 census tracts in western Lancaster County. There are 5 low-income tracts, 10 moderate-income tracts, 45 middle-income tracts, and 7 upper-income tracts. The AA complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

The 2000 U.S. Census Data reported the total population of the assessment area at 321,923. This population was comprised of 122,524 households and 84,994 families. There are 128,075 housing units. Owner-occupied housing is 65 percent, rental-occupied housing is 30 percent, and vacant housing is 5 percent. The median housing cost is \$112,117.

The median family income was \$53,994 and the HUD updated MSA median family income is \$64,200. Approximately 7.4 percent of the households are below the poverty level. Approximately 4 percent of the families in the AA are low-income, 9 percent are moderate-income, 72 percent are middle-income, and 15 percent are upper-income.

Based on the housing values and the median family income, there is lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$112,117, and a low-income individual or family earns less than \$26,997.

According to the 2008 Business Geodemographic Data, there are a total of 21,769 businesses and 892 farms. Approximately 6 percent of the businesses are located in low-income tracts, 9 percent are located in moderate-income tracts, 70 percent are located in middle-income tracts, and 15 percent are located in upper-income tracts. Approximately 66 percent of the businesses reporting have revenues less than \$1 million and approximately 70 percent of the businesses and farms reporting had less than 10 employees.

The primary industries in the AA are healthcare, construction, education and local, state and federal government entities. Major employers in the AA include Lancaster General Hospital, R. R. Donnelly and Sons, Mutual Assistance Group, and the county itself. The unemployment rate not seasonally adjusted, as of April 2009, for the Lancaster AA is 7.3 percent, compared to the national unemployment rate of 8.9 percent.

There are a total of 10 branches located in the Lancaster County AA, accounting for 100 percent of the total number of UNCB's branches. All of the branches are full service and have extended hours of operation at least one day a week. In addition, 9 of the full service branches have Saturday hours and one has Sunday hours. All of the branches are equipped with ATMs and nine of the branches offer drive-through services. A full line of traditional banking products and services are offered at all 10 branch locations.

Based on the June 30, 2008 FDIC Deposit Market Share Report, UNCB ranked sixth out of 19 institutions with a 4.23 percent market share in the Lancaster County area. Competition for both loans and deposits is strong in this area, particularly from larger multi-state financial institutions and local state chartered institutions. According to the June 30, 2008 deposit data, the major competitors are Fulton Bank, ranking first with a 20 percent market share; Susquehanna Bank, ranking second with an 19.07 percent market share; BLC Bank NA (has since been acquired by PNC Bank NA), ranking third with an 15.49 percent market share; Wachovia Bank NA ranking fourth with a 12.91 percent market share and Ephrata National Bank, ranking fifth with a 5.78 percent market share. Based upon the 2007 HMDA peer mortgage data, UNCB ranked 32nd out of 288 lenders with 1.42 percent market share by number of loans in the AA. The top five lenders in the AA were Countrywide Home Loans, Wachovia National Bank, Countrywide Bank, NA, Wells Fargo Bank, NA and Fulton Bank. The top five lenders had a market share of 22 percent by number of loans.

During this examination, we reviewed recent community contacts to determine the credit needs of this area. We determined there is an overall credit need for affordable housing, small business loans, and basic financial services.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (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. [Note: Do not renumber the tables.]

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 3. Geographic Distribution of Home Improvement 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 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 3.
- 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 9. Borrower Distribution of Home Improvement 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 10. Borrower Distribution of Refinance Loans** - See Table 9.
- 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 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. 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.

Table 1. Lending Volume

LENDING VOLUME		Geography: UNCB				Evaluation Period: January 01,2006 to December 31, 2008						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Lancaster County AA	100.00	838	54,339	676	111,040	72	7,768	3	4,030	1,589	177,177	0.00

\* Loan Data as of December 31,2008. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is *March 14, 2008* to May 4, 2009 .

\*\*\* Deposit Data as of December 31, 2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT															Geography: UNCB		Evaluation Period: January 01, 2006 TO December 31, 2008				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Lancaster County AA	250	100.0	1.72	0.00	8.20	7.20	74.69	86.80	15.39	6.00	4.28	0.00	2.90	4.67	3.27						

\* Based on 2007 Peer Mortgage Data: Eastern Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: UNCB					Evaluation Period: January 01, 2006 TO December 31, 2008				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Lancaster County AA	535	100.0	1.72	0.00	8.20	4.86	74.69	85.61	15.39	9.53	2.25	0.00	0.72	2.60	1.47					

\* Based on 2007 Peer Mortgage Data: Eastern Region.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: UNCB		Evaluation Period: January 01, 2006 TO December 31, 2008		
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Lancaster County AA	676	100.0	5.76	3.11	9.20	10.50	69.80	69.23	15.25	17.16	1.29	1.50	2.36	1.19	1.52	

\* Based on 2007 Peer Small Business Data: US.

\*\* 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 (2008).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															Geography: UNCB		Evaluation Period: January 01, 2006 TO December 31, 2008				
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>Full Review:</b>																					
Lancaster County AA	72	100.0	0.67	0.00	0.78	0.00	91.14	100.0	7.40	0.00	0.78	0.00	0.00	0.84	0.00						

\* Based on 2007 Peer Small Business Data: US.

\*\* 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 (2008).

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: UNCB					Evaluation Period: January 01, 2006 TO December 31, 2008					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families ***	% BANK****	% Families ***	% BANK****	% Families ***	% BANK****	% Families ***	% BANK****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Lancaster County AA	250	100.0	16.09	12.50	19.60	22.50	25.95	26.25	38.35	38.75	4.28	4.14	4.40	4.27	4.24	

\* Based on 2007 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.0% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: UNCB		Evaluation Period: January 01, 2006 TO December 31, 2008				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share										
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Lancaster County AA	535	100.0	16.09	10.24	19.60	20.28	25.95	27.95	38.35	41.54	2.37	2.66	1.73	2.35	2.71						

\* Based on 2007 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.0% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: UNCB		Evaluation Period: January 01, 2006 TO December 31, 2008		
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****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lancaster County AA	676	100.0	66.42	59.76	58.73	19.23	22.04	1.29	1.82

\* Based on 2007 Peer Small Business Data: US.

\*\* 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 - 2008).

\*\*\*\* 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 2.81% 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					Geography: UNCB		Evaluation Period: January 01, 2006 TO December 31, 2008		
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 \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Lancaster County AA	72	100.0	94.96	88.89	65.28	26.39	8.33	0.78	0.76

<sup>\*</sup> Based on 2007 Peer Small Business Data: US.

<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 - 2008).

<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 Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: UNCB				Evaluation Period: March 14, 2006 TO May 4, 2009			
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>									
Lancaster County AA	2	169	0	0	2	169	100%	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS <b>Geography:</b> UNCB <b>Evaluation Period:</b> March 14,2006 to May 4, 2009																	
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>																	
Lancaster County AA	100.0	10	100.0	0.0	10.0	80.0	10.0	3	0	0	0	+2	+1	4.58	11.19	70.85	13.38