



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act
Performance Evaluation

**Union National Community Bank
Charter Number: 1516**

**101 East Main Street
Mount Joy, PA 17552**

Office of the Comptroller of the Currency

**Eastern Pennsylvania Field Office
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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	Union National Community Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- UNCB’s lending activity reflects good responsiveness to the credit needs in the AA.
- The geographic distribution of home mortgage loans and loans to small businesses and farms reflects adequate penetration based upon the demographics and credit needs of the AA.
- A substantial majority of UNCB’s loans were originated within its AA. Lending levels reflect excellent responsiveness to credit needs of the AA.
- The distribution of loans to borrowers of different income levels and businesses of different sizes is good, and reflects good penetration among home mortgage borrowers of different income levels, as well as businesses and farmers of different sizes based on the AA’s demographics.
- Qualified Investments demonstrate adequate responsiveness to the community revitalization and affordable housing needs within the AA.
- Banking services are accessible to low- and moderate- income geographies and individuals of low- and moderate-income.
- Bank employees provide an adequate level of community development services within the AA.

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.

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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

The Union National Community Bank (UNCB) is a \$461 million independent intrastate bank. Its main office is located in the downtown area of Mt. Joy, Pennsylvania. The institution began operations as a community bank in 1853, received its national charter in 1865, and remains a full service bank operating from its seven branches all located within Lancaster County, Pennsylvania. UNCB is a subsidiary of Union National Financial Corporation (UNFC), headquartered at the company's new executive facility in Lancaster, Pennsylvania. UNCB provides a full range of financial services for both retail and business customers throughout the entirety of Lancaster County, Pennsylvania. 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 arm of UNCB. UNCB also offers sub-prime mortgage brokerage and mortgage banking services through its affiliate, Home Team Financial, LLC (HTF), which is located in Landisville, PA. HTF was purchased by UNFC in August 2005. HTF operates throughout eleven states including Pennsylvania. UNFC's stock is traded on the over-the-counter market under the symbol UNNF. UNCB's previous CRA examination was conducted on October 22, 2002 at which time the bank was assigned an overall rating of "Satisfactory." There are no other financial or legal impediments impacting UNCB's ability to help meet the credit needs of the community.

As of December 31, 2005 net loans in the amount of \$302 million represented 65% of total bank assets. Loans secured by first and junior liens on 1-4 family residential properties accounted for 42% of the portfolio. Commercial real estate loans accounted for 30% of the portfolio and C&I loans were 7%. Farmland secured loans accounted for 8% of the portfolio, while only 1% of the loans were made to finance agricultural production. The bank's Tier One Capital as of the same date was \$36 million.

Competition for loans and deposits is strong in Lancaster County. The top four banking institutions, which include Fulton Bank, Bank of Lancaster County, Susquehanna-Patriot Bank, and Wachovia Bank, NA, have a 61% combined deposit market share. Likewise, competition for home mortgage loans is strong, with 448 financial institutions competing in the market place for home mortgage loans. The top four lending institutions, with the exception of Fulton Bank, are national mortgage companies and one large-out of state bank, which have a combined 22% market share. Competition for loans to small businesses is also robust. The top three small business lending institutions are national credit card lenders and own a combined 44% market share of loans to small businesses. UNCB's driving mission is to provide "remarkable" customer service to all of its client base who subscribe to the bank's traditional commercial and retail products.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of community development (CD) loans, consists of two distinct time periods. These are January 1, 2003 to December 31, 2003 (2003 period), and January 1, 2004 to December 31, 2005 (2004-2005 period). The 2003 period incorporates the use of 2000 Census demographic information. The 2004-2005 period uses 2000 Census demographic information updated in 2004 to reflect new Office of Management and Budget (OMB) MSA / MD definitions and boundaries. The evaluation period for CD loans, Investment Test and Service Test is October 22, 2002 to March 13, 2006.

For the Lending Test we evaluated home mortgage loans (home purchase, home improvement and mortgage refinance), small loans to businesses, small loans to farms, and community development loans. Bank management does not track consumer loans, and did not request they be included in the examination scope.

New CRA procedures instituted September 1, 2005, by the Federal Financial Institutions Examinations Council (FFIEC), would have allowed UNCB to be evaluated under the Intermediate Small Institution Examination guidelines. Bank management chose to have the examination conducted under the Large Bank-CRA procedures.

Data Integrity

UNCB's publicly filed information for Home Mortgage Disclosure Act (HMDA) reportable loans and small loans to businesses were tested for accuracy. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA evaluation.

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 MSA accounts for 100% of all the reported loans during the evaluation period, and all of the bank's branches are located within this MSA.

Ratings

The bank's overall rating is entirely based on the full scope review of the Lancaster County MSA# 29540. The geographic distribution of loans in the moderate-income tracts, and borrower income distribution of home mortgage loans and loans to small businesses were weighted most heavily in determining conclusions for the lending test. Home mortgage loans and small loans to businesses represent primary loan products for the bank. We gave the most weight in our analysis to small loans to businesses and home refinance loans, since respectively they account for 37.92% and 35.48% of all loans originated or purchased during the evaluation period. Minimal weight was given to small loans to farms since they account for only 5.61% of all loans booked during the evaluation period. Less weight was given to the geographic distribution of loans in low-income tracts, since the bank has restricted lending opportunities in these areas. The five low-income tracts account for only 1.17% of all owner-occupied housing units. In addition, we assessed whether community development (CD) loans

had a positive or neutral impact on the examination by determining the extent to which CD loans addressed difficult-to-meet community credit needs.

We tested investments to see if they met the definition of community development, and considered the extent to which the investments meet the credit and community development needs of the AA. Finally, we evaluated the bank's performance in providing innovative and flexible-lending products to address the credit needs of low- or moderate-income individuals or geographies.

Other

We contacted two community groups located in Lancaster County. Our first contact was with a non-profit organization that offers business loans, one-on-one business counseling, and business training courses to create economic opportunities primarily to small businesses throughout south central Pennsylvania. This group saw the need for small loans to businesses, especially start-up. The second contact was with a group that assists families to access affordable homes throughout Lancaster City and County, and works to increase the production of affordable homes to low- and moderate-income families. Based on our contacts and other sources, the primary needs of the assessment area are: affordable housing (particularly outside the City of Lancaster), and meaningful support via grants or equity investments in community groups that foster community development.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "**High Satisfactory**" Based upon the full-scope review, UNCB's performance in the Lancaster County MSA# 29540 AA is good.

Lending Activity

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

UNCB's lending activity reflects good responsiveness to the credit needs in the AA. UNCB's loan-to-deposit ratio over the past thirteen quarters (12-31-2002 to 12-31-2005) averaged 95%. This ratio demonstrates that UNCB is an active lender.

Lancaster County MSA# 29540 - 2003

During the 2003 evaluation period, UNCB extended 466 home mortgage loans, 196 small loans to businesses, and 13 small loans to farms were originated or purchased. The approximate total of all three categories of loans made in the Lancaster County MSA is \$74 million. Fifty-six percent of all loans originated or purchased were home mortgage loans, 38% were small loans to businesses, and 6% were small loans to farms. Home purchase loans accounted for 7% of all loans originated or purchased, home improvement loans accounted for 14%, and home refinance loans accounted for 35% of all loans originated or purchased.

Home Mortgage Loans

The volume of home mortgage loans originated and purchased by UNCB within its AA during the 2003 period was good. The volume of loans is reflective of the amount of deposits the bank generates in Lancaster County, and demonstrates the bank's responsiveness in using these deposits to make loans which meeting the credit needs of Lancaster MSA # 29540 AA.

UNCB ranks 10th out of 21 banking institutions within its' AA for deposits, and has a 3.25% deposit market share. When assessing home mortgage loans originated or purchased, UNCB ranks 11th among these 21 banking institutions with a market share of 3.23%. For home purchases, UNCB ranks 10th out of the 21 banking institutions with a market share of 2.90%; for home improvements UNCB ranks 8th with a market share of 3.93%; and for home refinance loans, UNCB ranks 9th with a market share of 3.16%.

Small Loans to Businesses

The overall market share of small loans to businesses exceeds the bank's deposit market share, and shows excellent responsiveness to the credit needs of the small businesses within the bank's AA.

UNCB ranks 9th out of the 21 banking institutions within the AA in granting small loans to businesses, and has a market share of 3.37%.

Small Loans to Farms

The overall market share of small loans to farms is adequate. The bank's ranking among the 19 depository institutions is seventh, while its market share is 1%.

Lancaster County MSA# 29540 - 2004 - 2005

During the 2004 - 2005 evaluation period, UNCB extended 621 home mortgage loans, and 534 small loans to businesses and 95 small loans to farms. The approximate total of all three categories of loans made in the Lancaster County MSA# 29540 AA during this evaluation period is \$154 million. Home mortgage loans accounted for 35% of all loans made, while small loans to businesses accounted for 56%, and 9% accounted for small loans to farms. Among home mortgage loans 15% were for purchase, 28% were for home improvement, and 57% were for home refinancing.

Home Mortgage Loans

The volume of home mortgage loans originated and purchased by UNCB within its AA during the 2004-2005 period is good. The volume of loans the bank originated or purchased is near to the amount of deposits the bank generates in Lancaster County.

In 2004 and 2005 the number of banks competing for deposits in the bank's AA dropped from 21 banks (2003) to 19 banks. Of these 19 banks, UNCB ranks ninth in deposits in 2004 with a 3.42% deposit market share, and also ranks 9th in deposits in 2005 with a 3.74% market share. Peer loan data is not available for 2005. Based upon 2004 Peer Mortgage Data, the bank ranks 11th among these 19 banking institutions for home mortgage loans with a 3.04% market share. UNCB ranks 12th for home purchase mortgages with a 2.48% market share; seventh for home improvement loans with a market share of 3.81%; and 11th for home refinance loans with a 2.68% market share. loans.

Small Loans to Businesses

The lending levels of small loans to businesses reflect excellent responsiveness by UNCB in meeting the credit needs of small businesses within the Lancaster County MSA# 29540 AA. Based upon 2004 Peer Small Business Data, UNCB ranks eighth among the nineteen depository banking institutions making small loans to businesses within the AA with a market share of 4.57%.

Small Loans to Farms

The lending levels of small loans to farms reflect excellent responsiveness by the bank in meeting the credit needs of small farms within the Lancaster County MSA# 29540 AA. Based upon 2004 Peer Small Business Data, UNCB ranks seventh among the nineteen depository banking institutions making small loans to farms within the AA with a market share of 4.56%.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

UNCB has little opportunity to originate or purchase home mortgage loans in low-income census tracts. The 2000 Census data indicates there are five low-income tracts within the bank's AA. The number of owner-occupied housing units contained within these tracts is 1,436, and account for only 1.17% of all of the owner-occupied housing units within the bank's AA. There are 448 lending institutions originating or purchasing home mortgage loans within the AA. Such a large number of institutions competing for such a small pool of loans severely curtail the bank's ability to make loans in the low-income tracts.

Lancaster County MSA# 29540 AA - 2003

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 and purchases.

The geographic distribution of home purchase loans is poor. The lending volume in low- and moderate-income tracts is significantly lower than the percentage of owner-occupied units within the low- and moderate-income tracts, while the market share of home purchase loans in the low- and moderate-income tracts is significantly lower than the bank's overall market share.

The geographic distribution of home improvement loans is poor. The lending volume in low-income tracts is significantly lower than the percentage of owner-occupied units, and the lending volume in moderate-income tracts is lower than the percentage of owner-occupied units. The market share of home improvement loans in the low-income tracts is significantly lower than the bank's overall market share of home improvement loans, while the market share of home improvement loans in the moderate-income tracts meets the bank's overall market share.

The geographic distribution of home refinance loans is adequate. The lending volume in low-income tracts is significantly lower than the percentage of owner-occupied units within the low-income tracts, and the lending volume in moderate-income tracts meets the percentage of owner-occupied units within the moderate-income tract.

The market share of home refinance loans in the low-income tracts is significantly lower than the bank's overall market share, while the market share of home refinance loans in the moderate-income tracts significantly exceeds the bank's 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.

The geographic distribution of small loans to businesses is adequate. The volume of small loans to businesses in low-income geographies is significantly lower than the percentage of businesses within the low-income tracts, while the volume of small loans to businesses in moderate-income geographies meets the percentage of businesses within the moderate-income tracts.

The market share of small loans to businesses within the low-income tracts is significantly lower than the bank's overall market share of small loans to businesses, while the market share of small loans to businesses in the moderate-income tracts significantly exceeds the bank's overall market share.

Small Loans to Farms

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

The geographic distribution of small loans to farms is poor. The volume of small loans to farms in low- and moderate-income geographies is significantly lower than the percentage of farms within the low- and moderate-income tracts.

The market share of small loans to farms within the low- and moderate-income tracts is significantly lower than the bank's overall market share of small loans to farms.

Lancaster County MSA# 29540 AA - 2004 – 2005

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 and purchases.

The geographic distribution of home purchase loans is good. During the 2004 -2005 evaluation period, the lending volume in low- income tracts significantly exceeds the percentage of owner-occupied units within the low-income tracts, while the lending volume in moderate-income tracts is near to the percentage of owner-occupied units. During 2004 the market share of home purchase loans in the low-income tracts significantly exceeds the bank's overall market share, while the market share of home purchase loans in the moderate-income tracts is lower than the bank's overall market share. Market share information is not available for 2005.

The geographic distribution of home improvement loans is poor. During 2004 the lending volume in low-income tracts is significantly lower than the percentage of owner-occupied units within the low-income tracts, and the lending volume in moderate-income tracts is near to the percentage of owner-occupied units within the moderate-income tract. In 2005 lending volume in both the low- and moderate-income tracts is significantly lower than the percentage of owner-occupied units. In 2004 the market share of home improvement loans in the low-income tracts is significantly lower than the bank's overall market share of home improvement loans, while the market share of home improvement loans in the moderate-income tracts meets the bank's overall market share. In 2005 the lending volume in low- and moderate-income tracts is significantly lower than the percentage of owner-occupied units. Market share data for 2005 is not available.

The geographic distribution of home refinance loans is adequate. In 2004 the lending volume in low-income tracts is significantly lower than the percentage of owner-occupied units within the low-income tracts, and the lending volume in moderate-income tracts meets the percentage of owner-occupied units. The market share of home refinance loans in the low-income tracts is significantly lower than the bank's overall market share of home refinance loans, while the market share of home refinance loans in the moderate-income tracts exceeds the bank's overall market share. In 2005 the lending volume in low-income tracts is significantly lower than the percentage of owner-occupied units, while the volume in moderate-income tracts is near to the percentage of owner-occupied units. Market share data for 2005 is not available.

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.

The geographic distribution of small loans to businesses is adequate. In 2004 - 2005 The volume of small loans to businesses in low-income geographies is significantly lower than the percentage of businesses within the low-income tracts, while the volume of small loans to businesses in moderate-income geographies exceeds the percentage of businesses within the moderate-income tracts.

In 2004 the market share of small loans to businesses within the low-income tracts is significantly lower than the bank's overall market share of small loans to businesses, while the market share of small loans to businesses in the moderate-income tracts significantly exceeds the bank's overall market share. Market share data for 2005 is not available.

Small Loans to Farms

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

The geographic distribution of small loans to farms is poor. In 2004 – 2005 the volume of small loans to farms in low- and moderate-income geographies is significantly lower than the percentage of farms within the low- and moderate-income tracts.

In 2004 the market share of small loans to farms within the low- and moderate-income tracts is significantly lower than the bank's overall market share of small loans to farms. Market share data for 2005 is not available.

Lending Gap Analysis

No unexplained or conspicuous gaps in lending patterns were identified based upon the analysis of UCNB's mortgage, small business, or small farm lending activity over the evaluation period. All of the bank's branches are located in the Northwestern portion of Lancaster County, while the bank includes the entire county within its AA. The low- and moderate-income sections of the AA are located in the Northwestern area, and there are no gaps in lending patterns in this portion of the AA. A nominal amount of loans are made in the Southeastern portion of the AA, however this is not considered to be a conspicuous lending gap since this area is totally comprised of middle-income tracts, and is an area in which the bank is attempting to expand its business.

Inside/Outside Ratio

A substantial majority of home mortgage loans, small loans to businesses, and small loans to farms were made within the bank's designated AA.

The following results are based upon 2003, 2004 and 2005 HMDA reporting data

2003	2004	2005	
94.37%	91.82%	87.57%	Overall Loans
83.58%	88.89%	79.49%	Home Purchase Loans
95.38%	94.67%	92.00%	Home Improvement Loans
94.86%	92.96%	91.94%	Home Refinance Loans
96.94%	94.86%	86.25%	Small Loans to Businesses
92.31%	78.46%	66.67%	Small Loans to Farms

COMMUNITY DEVELOPMENT LENDING

Community development lending levels are considered adequate. During the evaluation period, UNCB extended six CD loans totaling approximately \$1.5 million. All of the loans were originated within the bank's AA, and were used assist in low- and moderate-income housing.

- In September 2004 the bank originated a \$675 thousand, long term mortgage. The proceeds were used to refinance an existing loan used to construct a 32-unit apartment building in Elizabethtown, Pennsylvania (MSA # 29540) for low- and moderate-income individuals and families.
- In June 2005 the bank purchased a \$475 thousand portion of \$1.2 million long term mortgage. The proceeds of the loan were used to refinance an existing loan that was used to fund the construction of an 82-unit government subsidized housing project located in Springettsbury Township, Pennsylvania for low- and moderate-income individuals and families.

- In June 2004 the bank originated a \$57 thousand long term mortgage used to finance the acquisition of a residential investment property to be leased to low- and moderate-income individuals in the City of Lancaster, Pennsylvania.
- In May 2004 the bank originated a \$192 thousand long term mortgage used to finance the acquisition of a residential investment property to be leased to low- and moderate-income individuals in the City of Lancaster, Pennsylvania.
- In December 2004 the bank originated a \$114 thousand long term mortgage to a housing development corporation to refinance debt originally used to finance low- and moderate-income housing.

Based upon the community contacts, housing for low- and moderate-income individuals and families is one of the primary needs of the community. The bank is attempting to meet the credit needs of the AA by the origination of these loans.

Product Innovation and Flexibility

We have determined through our community contacts that affordable housing and small loans to businesses are considered to be primary credit needs of the community.

In prior years the bank had a First Time Homebuyer program. However, during this evaluation period, the program was not used because the bank found that competitor's products were far more attractive in both rate and terms, and management felt it was not prudent to compete. While home mortgage loans accounted for 56% of all loans purchased and originated during the evaluation period, only 8% were for home purchase. In the second quarter of 2005, the holding company purchased a sub-prime home mortgage lending institution. This institution originates and brokers home mortgage loans in eleven states including Pennsylvania. While this affiliate will be addressing the credit needs of the AA, these loans will not be HMDA reported, since they will not pass through UNCB.

UNCB is addressing the needs of the small business community by being an active SBA 504 program lender. During the evaluation period, the bank granted five SBA 504 loans for a total of \$4.6 million.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "**Low Satisfactory**". Based on the full-scope review, the bank's performance in the (Lancaster MSA 29540) is adequate.

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

During the evaluation period, UNCB made an adequate amount of qualified donations totaling approximately \$19 thousand. The bank did not purchase any CD qualified investments during the period, despite their approved plan to purchase \$250 thousand in the fourth quarter of 2005. Management indicated they had approved the purchase of the security, however a turn-

over in personnel caused the failure to purchase. The bank has two CD qualified investments, which were purchased during prior evaluation periods with a present book value of \$459 thousand.

Based upon discussion with community contacts, and a review of other banks PEs within the same AA, the examiner has determined that while investment opportunities are not abundant, they are available within the bank's AA. The qualified grants and donations were:

- \$10 thousand to a financial service, which counsels low- and moderate-income individuals and families on credit, housing, and financial responsibility;
- \$5 thousand to a housing assistance group that provides transitional housing to low- and moderate-income individuals and families;
- \$3 thousand to an organization that promotes affordable housing for low- and moderate-income individuals and families, senior citizens, and persons with physical and mental disabilities; and
- \$1 thousand to an organization that provides transitional housing and services to homeless women with children.

Descriptions of the two existing investments are as follows:

- \$233 thousand remains of an original \$632 thousand equity investment, purchased in 1995, for a low-income housing project located within the borough of Mt. Joy. The now-completed project was organized by a local partnership formed to acquire and renovate an existing warehouse facility into a 28-unit complex to be rented to low- and moderate-income individuals and families.
- \$226 thousand remains of an original \$478 thousand equity investment, purchased in 1990, for a low-income housing project located within the borough of Mt. Joy. The now-completed project was organized by a local partnership to acquire and renovate an existing warehouse facility into a 64-unit apartment complex to be rented to low- and moderate-income individuals and families.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**Low Satisfactory**". Based on full-scope reviews, the bank's performance in the Lancaster MSA # 25940 is adequate.

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 low and moderate income levels within its assessment area. Seven (86%) of the branch locations are in middle-income tracts, and one (14%) is in a moderate-income tract. This particular branch is located at 921 Lancaster Avenue, Columbia, Pennsylvania in CT #114. In 2003 the bank

closed a duplicate branch in Columbia, Pa. Subsequently, the bank opened a new updated banking facility on Roseville Road in Manheim Township, Lancaster, Pa. This branch is located in a middle-income tract. The Manheim Township branch is in close proximity to moderate-income tracts, and more easily accessible to the low income tracts in the City of Lancaster than the former Columbia Branch. The bank is in the process of opening a new branch in 2006. This branch will be located in a middle-income tract. All of the bank's branch offices are located in the Northwestern portion of the county. Three of the bank's branches were opened prior to and in the 1970's, none were opened in the 1980's, three were opened in the 1990's and one has been opened in the 2000's with one new branch expected in 2006. Branch opening activity is very limited.

Office 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-and moderate-income individuals living within the AA. All of the seven branches have drive-in and ATM facilities. All are open six days per week. While the hours of operation slightly vary, all of the branch lobbies and drive-ins, with the exception of the main office, are open at 8:00am, and show extended lobby hours on Thursday and Friday evenings with closing times of 6:00pm and 7:00pm respectively. All of the branches have Saturday morning hours which are 8:00am to noon. The bank has seven ATM facilities all located in their branch facilities, and one cash dispensing machine, which is located in a food store in Mount Joy, Pennsylvania. UNCB operates a Telephone Banking Center with live customer service reps to assist customers.

UNCB has an assortment of products that assist low- and moderate-income individuals and families. UNCB offers totally free checking accounts to its customers. The product does not require a minimum balance, there are no maintenance charges and stock checks are free. A statement saving IRA account may be opened with a minimum deposit of \$50M, and deposits of any size may be made anytime until the value of the account reaches \$500M, when an IRA certificate will be issued. This allows low- and moderate-income individuals the ability to begin a retirement plan without large initial deposits. Telephone banking is provided free through the Telephone Banking Center where live customer service reps will assist customers with their requests, or the customer may access the service 24 hours a day without the benefit of a live customer service rep. Computerized banking is free, and there is no charge for bill-pay. There is no charge for an ATM card and UNCB has agreements with approximately 26 retail businesses located throughout the county, which allow UNCB ATM card holders to access ATM machines without cash withdrawal fees.

Community Development Services

Several of the bank's management team is involved in community development services. The most notable are as follows:

A bank officer is the Treasurer of an organization that provides housing assistance to low- and moderate-income individuals and families seeking affordable housing and educational guidance regarding the responsibilities of home ownership.

Another officer is a board member of an organization that provides transitional housing and immediate care to homeless women with children.

Senior management, as a group, is involved with the Educational Improvement Tax Credit (EITC) program. This tax credit program, initiated by the Commonwealth of Pennsylvania, offers 75% tax credits to organizations that make donations to the EITC. The EITC is a conduit which provides tuition for children of low- and moderate-income families, and inner-city students who show a financial need to various educational institutions throughout Pennsylvania. In March of 2006 the senior management group made a donation in the amount of \$80 thousand to this organization.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term "full-scope") and those that received a less comprehensive review (designated by the term "limited-scope").

Time Period Reviewed	Lending Test (excludes CD Loans): (Jan. 1, 2003 to Dec. 31, 2005) Investment and Service Tests and CD Loans: (Oct. 22, 2002 to Mar. 13, 2006)	
Financial Institution	Products Reviewed	
Union National Community Bank 101 East Main Street Mt. Joy, Pennsylvania 17552	HMDA reportable loans, small loans to businesses, small loans to farms, Investments, and Services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate products	Home Team Financial, LLC	None
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Lancaster County MSA # 25940	Full-Scope	N/A

Appendix B: Market Profiles for Full-Scope Areas

(Lancaster County, Pennsylvania MSA # 29640)

Demographic Information for Full-Scope Area: (Name of MA or Non-metropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	94	5.32	11.70	75.53	7.45	N/A
Population by Geography	470,658	3.13	8.69	79.02	9.15	N/A
Owner-Occupied Housing by Geography	122,264	1.17	6.39	81.91	10.53	N/A
Businesses by Geography	33,295	4.62	8.56	75.24	11.58	N/A
Farms by Geography	1,886	0.21	1.96	93.32	4.51	N/A
Family Distribution by Income Level	124,856	15.76	19.70	26.55	37.99	N/A
Distribution of Low- and Moderate-Income Families throughout AA Geographies	44,280	5.42	12.53	76.18	5.86	N/A
Median Family Income = \$52,443			Median Housing Value = \$117,029			
HUD Adjusted Median Family Income for XXXX = \$61,250			Unemployment Rate = 1.56%			
Households Below the Poverty Level = 7.02%						

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

Description of the Assessment Area

UNCB's AA is comprised of ninety-four contiguous CTs, which is the entirety of Lancaster County MSA #29540. The full scope review was conducted on this MSA, since the majority of bank's deposits and loans are originated in this AA. The AA is comprised of five (5%) low-income tracts, all of which are located in the City of Lancaster, eleven (12%) moderate-income tracts, seventy-one (76%) middle income tracts and seven (7%) upper-income tracts. Six of the bank's branches are located in middle-income tracts, and one is located in a moderate-income tract. The bank's newest branch expected to open in 2006 will be located in a middle-income tract. UNCB's AA complies with regulatory requirements, and does not arbitrarily exclude low- and moderate-income areas. All market share data discussed in the PE is in reference to the bank's market share within its AA.

Lending opportunities to low-income geographies are limited within the bank's AA. Only 1.17% of all owner-occupied homes are located within the low-income tracts, which accounts for approximately 1,400 owner occupied housing units. There are 448 home mortgage lending institutions competing for this small pool of loans.

Based upon the 2000 Census demographic data, updated in 2005, UNCB's AA has a total population of 470,658 that includes 124,865 families. Thirty-five percent of these families

(44,280) are low- or moderate-income families. The 2005 updated HUD Adjusted Median Family Income for the AA is \$61,250. There are 12,125 (7.02%) families, which are considered to be below the poverty level. Within the AA there are 179,990 total housing units of which 122,260 (68%) are owner-occupied and 50,296 (28%) are occupied rental units. The remaining units (4%) are vacant. Single family housing units account for 84.28% of total housing units. Based upon 2000 Census data the median age of the housing stock in the AA is 32 years old, and the median housing value is \$120,187. Low-income is considered to be \$30,625 or less, which would make it difficult to afford the median housing value.

Lancaster County has one of the nation's most aggressive county-level growth management programs. Fueled by a desire to protect the rural character of the county and the flavor of the local Amish culture, local policymakers have enacted farmland protection programs and growth boundary programs which stem urban development. The top employers in the AA are Lancaster County General Hospital; RR Donnelly & Sons; Mutual Assistance Group – Health Care and Social Assistance of Lancaster County; Armstrong World Industries; and Ephrata Community Hospital. Most of the employment within the AA is provided by construction, health-care, school districts, large retail stores, manufacturing and local, state and federal government entities. As of February 2006 the seasonally adjusted rate of unemployment in Lancaster County was 3.4% as compared to the 4.5% rate of unemployment for the Commonwealth of Pennsylvania.

Credit needs of the community were determined during this examination through discussions with management and community contact activities. Interviews were conducted with officials from a county redevelopment authority, and another which was a non-profit organization that provides housing for low-income and indigent individuals. Both of these agencies promote economic development within the bank's AA, while also addressing the needs of low- and moderate-income individuals residing within the community. These discussions ascertained the primary needs are affordable housing and small loans to businesses.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (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. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. Borrower Distribution of Small Loans to Farms - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

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: UNITED COMMUNITY NATIONAL BANK												Evaluation Period: January 1, 2003 to December 31, 2005											
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)																								
Full Review:																																			
Lancaster – 2003	100%	466	44,427	196	28,432					662	72,859	100%																							
Lancaster – 2004	100%	271	23,071	214	29,543	65	9,279			550	61,893	100%																							
Lancaster - 2005	100%	350	30,038	320	57,839	30	3,892	6	1,513	706	93,282	100%																							

* Loan Data as of Dec. 31, 2003, 2004 and 2005. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is October 22, 2002 to March 13, 2006.

*** Deposit Data as of June 30, 2003, 2004 and 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: UNION NATIONAL COMMUNITY BANK						Evaluation Period: January 1, 2003 to December 31, 2005						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Lancaster – 2003	67	100.0	1.17	0.00	6.39	2.99	83.05	91.04	9.38	5.97	0.64	0.00	0.24	0.74	0.33
Lancaster – 2004	53	100.0	1.17	5.66	6.39	5.66	81.91	83.02	10.53	5.66	0.49	1.72	0.31	0.52	0.24
Lancaster – 2005	39	100.0	1.17	2.56	6.39	5.13	81.91	74.36	10.53	17.95	N/A	N/A	N/A	N/A	N/A

* Based on 2003 and 2004 Peer Mortgage Data: Eastern Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: UNION NATIONAL COMMUNITY BANK						Evaluation Period: January 1, 2003 to December 31, 2005						
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
Full Review:															
Lancaster – 2003	65	100.0	1.17	0.00	6.39	4.62	83.05	93.85	9.38	1.54	3.22	0.00	3.13	3.47	0.72
Lancaster – 2004	75	100.0	1.17	0.00	6.39	5.33	81.91	85.33	10.53	9.33	2.86	0.00	2.70	2.89	2.90
Lancaster - 2005	100	100.0	1.17	0.00	6.39	3.00	81.91	86.00	10.53	11.0	N/A	N/A	N/A	N/A	N/A

* Based on 2003 and 2004 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: UNION NATIONAL COMMUNITY BANK Evaluation Period: January 1, 2003 to December 31, 2005															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Lancaster – 2003	331	100.0	1.17	0.00	6.39	6.04	83.05	87.31	9.38	6.65	1.29	0.00	1.85	1.37	0.66
Lancaster – 2004	141	100.0	1.17	0.00	6.39	6.38	81.91	81.56	10.53	12.06	1.09	0.00	1.24	1.08	1.18
Lancaster - 2005	211	100.0	1.17	0.00	6.39	5.21	81.91	82.94	10.53	11.85	N/A	N/A	N/A	N/A	N/A

* Based on 2003 and 2004 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: UNION NATIONAL COMMUNITY BANK Evaluation Period: January 1, 2003 to December 31, 2005																
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	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid
Full Review:																
Lancaster – 2003	196	100.0	4.58	0.00	8.48	10.20	77.87	78.57	9.07	11.22	1.41	0.00	2.41	1.38	1.96	
Lancaster – 2004	214	100.0	4.64	0.47	8.41	10.28	75.27	75.70	11.69	13.55	1.49	0.28	2.69	1.42	1.90	
Lancaster - 2005	320	100.0	4.62	1.25	8.56	9.38	75.24	76.88	11.58	12.50	N/A	N/A	N/A	N/A	N/A	

* Based on 2003 and 2004 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 2003, 2004 and 2005.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS Geography: UNION NATIONAL COMMUNITY BANK Evaluation Period: January 1, 2003 to December 31, 2005															
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Lancaster – 2003	13	100.0	0.26	0.00	2.20	0.00	93.92	100.0	3.63	0.00	0.78	0.00	0.00	0.82	0.00
Lancaster – 2004	65	100.0	0.26	0.00	1.88	0.00	93.37	100.0	4.49	0.00	4.28	0.00	0.00	4.58	0.00
Lancaster - 2005	30	100.0	0.21	0.00	1.96	0.00	93.32	100.0	4.51	0.00	N/A	N/A	N/A	N/A	N/A

* Based on 2003 and 2004 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 2003,2004, and 2005.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: UNION NATIONAL COMMUNITY BANK						Evaluation Period: January 1, 2003 to December 31, 2005							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Lancaster – 2003	48	100.0	15.76	4.17	19.70	27.08	26.55	22.92	37.99	45.83	0.53	0.19	0.49	0.38	0.90
Lancaster - 2004	51	100.0	15.76	5.88	19.70	13.73	26.55	31.37	37.99	49.02	0.56	0.31	0.28	0.58	0.86
Lancaster - 2005	37	100.0	15.76	5.41	19.70	10.81	26.55	21.62	37.99	62.16	N/A	N/A	N/A	N/A	N/A

* Based on 2003 and 2004 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available.

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

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: UNION NATIONAL COMMUNITY BANK								Evaluation Period: January 1, 2003 to December 31, 2005					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Lancaster – 2003	65	100.0	15.76	21.54	19.70	27.69	26.55	27.69	37.99	23.08	3.30	5.60	3.92	2.74	2.48
Lancaster – 2004	74	100.0	15.76	21.62	19.70	24.32	26.55	25.68	37.99	28.38	2.92	5.25	2.92	2.33	2.62
Lancaster – 2005	96	100.0	15.76	10.42	19.70	20.83	26.55	37.50	37.99	31.25	N/A	N/A	N/A	N/A	N/A

* Based on 2003 and 2004 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE Geography: UNION NATIONAL COMMUNITY BANK Evaluation Period: January 1, 2003 to December 31, 2005															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
Full Review:															
Lancaster – 2003	331	100.0	15.76	5.74	19.70	20.54	26.55	35.05	37.99	38.67	1.61	1.27	1.54	1.72	1.63
Lancaster – 2004	134	100.0	15.76	9.70	19.70	26.87	26.55	28.36	37.99	35.07	1.28	1.36	1.41	1.08	1.36
Lancaster - 2005	197	100.0	15.76	10.66	19.70	17.77	26.55	24.87	37.99	46.70	N/A	N/A	N/A	N/A	N/A

* Based on 2003 and 2004 Peer Mortgage Data: Eastern Region.

** As a percentage of loans with borrower income information available.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Geography: UNION NATIONAL COMMUNITY BANK Evaluation Period: January 1, 2003 to December 31, 2005									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Lancaster – 2003	196	100.0	64.48	75.51	57.65	25.00	17.35	1.41	2.60
Lancaster – 2004	214	100.0	65.49	71.50	65.89	20.09	14.02	1.49	2.80
Lancaster - 2005	320	100.0	65.15	74.69	49.38	27.81	22.81	N/A	N/A

* Based on 2003 and 2004 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 – 2003,2004 and 2005).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: UNION NATIONAL COMMUNITY BANK			Evaluation Period: January 1, 2003 to December 31, 2005				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Lancaster – 2003	13	100.0	92.28	100.0	46.15	38.46	15.38	0.78	1.03
Lancaster – 2004	65	100.0	91.23	98.46	60.00	20.00	20.0	4.28	4.66
Lancaster - 2005	30	100.0	91.30	96.67	53.33	33.33	13.33	N/A	N/A

^{*} Based on 2003 and 2004 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.

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B -2003,2004 and 2005).

^{****} Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: UNION NATIONAL COMMUNITY BANK				Evaluation Period: Oct. 22, 2002 to March 13, 2006			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
	2	\$459	0	0	2	\$459	100%	0	\$0

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: XXXXX Evaluation Period: January 1, 2003 to December 31, 2005.																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Lancaster County	100%	7	100%	0	14	86	0	1	1	0	-1	+1	0	3.13	8.69	79.02	9.15

Table 16. Distribution of Branch and ATM Delivery Systems

Distribution of Branch and ATM Delivery Systems Geography: UNION NATIONAL COMMUNITY BANK Evaluation Period: January 1, 2003 to December 31,2005																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Lancaster County	100%	7	7	0	1	6	0	1	1	0	-1	+1	0	3.13	8.69	79.02	9.15

