



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**October 12, 2004**

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

**1st National Community Bank  
Charter Number 21319**

**16924 St. Clair Avenue  
St. Clair Township, OH 43920**

**Comptroller of the Currency  
Northern Ohio  
3 Summit Park Drive Summit Office Park, Suite 530  
Independence, OH 44131**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

## **This institution is rated Satisfactory.**

The major factors supporting the bank's rating include:

- The bank's net loan-to-deposit ratio is considered reasonable in relation to its peers.
- The bank's record of lending within the assessment area is excellent.
- The bank's record of home mortgage lending to borrowers of different income levels and businesses of different sizes is satisfactory.
- The bank's geographic distribution of home mortgage and small business loans is good.

## **DESCRIPTION OF INSTITUTION**

First National Community Bank of East Liverpool, Ohio [1NCB] is a wholly owned subsidiary of Tri-State First Bancorp Inc. [TSFB], a one-bank holding company. As of December 31, 2002, TSFB had total assets of \$76 million. TSFB operates Gateminder Corporation, a wholly-owned non-bank subsidiary of the holding company. Gateminder provides automated teller machine [ATM] transaction processing to 1NCB.

1NCB has seven (7) full service branches. Five (5) branches (72%) are located in the Columbiana County, Ohio, assessment area [AA] in the cities of East Liverpool, Calcutta & Lisbon. The main office plus the Foodline branch are located in East Liverpool and two branches are located in Calcutta. Both of these cities are near the Ohio-West Virginia border. One branch is located in Lisbon, located 16 miles north of East Liverpool. One (1) branch (14%) is located in the Hancock County, West Virginia, AA in the city of New Cumberland, located 16 miles southwest of East Liverpool. One (1) branch (14%) is located in the Beaver County, Pennsylvania, AA in the city of Midland, located 8 miles northeast of East Liverpool. The bank provides drive-through banking service at all locations except the Wal-Mart branch located in Calcutta. ATM's are located at all branches except the branch located in New Cumberland, WV.

Branches opened since the last evaluation period include the Midland, PA office [November 1999] and the Foodland office at Bradshaw Square Plaza in East Liverpool [March 2001]. In addition, 1NCB opened a loan production office [LPO] in Beaver, PA in November 2000. This facility was subsequently closed in September 2002 when production levels did not meet projections.

The bank's focus is on retail and commercial banking and it offers a selection of standard products and services. As of December 31, 2002, 1NCB had \$67 million in total assets. Loans

represent 62% of total assets. The distribution of INCB's loan portfolio is as follows: real estate loans [51%], commercial and industrial loans [36%], and loans to individuals [12%]. The balance of the portfolio consists of agricultural and municipal loans. The bank's real estate portfolio primarily consists of 1-4 family residential [82%] and commercial [18%]. The bank's primary business is originating real estate loans to customers in and around its assessment area. As of December 31, 2002, net loans and leases to total assets equal 58.37%.

The bank received a "Satisfactory" CRA rating in the previous Public Evaluation dated July 19, 1999.

There are no current financial or legal impediments that prevent the bank from meeting community needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The bank's has three assessment areas that meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies.

### **Columbiana County Assessment Area – Youngstown-Warren-Boardman, OH (MA 9320)**

This AA consists of 13 geographies: 1 low-income (7%), 4 (31%) moderate-income and 8 (62%) middle-income tracts. There are no upper-income geographies in the assessment area. While the bank has a presence in the Youngstown-Warren MA, all of the bank's AA is located within Columbiana County in the southernmost portion of the MA. This assessment area contains 72% of the bank's branches and 83% of its ATM's

The Department of Housing and Urban Development [HUD] updated median family income for the assessment area for the year 2002 is \$46,400. The 1990 Census Bureau lists the assessment area population at 53,601 persons comprising 15,135 families. Of these families, 27.63% are low-income, 20.65% are moderate-income, 23.55% are middle-income and 28.16% are upper-income. Thirty-three per cent of the household income in the AA is derived from social security. Households with income below the poverty level are 18% with 12% of the households relying on public assistance. Owner-occupied housing units comprise 68% of the assessment area. The housing units are primarily one-to-four family with a median housing value of \$36,887. There is little demand for new housing due to a lack of employment opportunities and uncertainty regarding continued employment in existing industries.

The annual average 2002 unemployment rates for the assessment area is relatively stable. According to the State of Ohio Bureau of Labor Market Information, the unadjusted average unemployment rate for 2002 was 5.7%. The unemployment rate for Columbiana County is 6.8%. Over the length of the evaluation period, unemployment trends have remained relatively the same with only slight fluctuations.

The local economy remains stagnant although there are concerted efforts to find new businesses to relocate in the county and expand existing businesses. Toward this end, the Columbiana County Port Authority successfully recruited or provided expansion financing for dozens of companies and was successful in having Mitsubishi open a plant now employing 200 people

among other projects. Major projects recently completed include a rail/truck inter-modal facility in the northern end of the county and a rail/truck/barge facility in the southern end of the county. The current composition of industries within the AA includes national trade, Inter/Intra-state trade, retail, small manufacturing and financial institutions.

Major employers include American Standard Corporation, Blackhawk Automotive Plastics, East Liverpool Board of Education, East Liverpool City Hospital, Fresh Mark Inc./Carriage Hill Foods, Hall China Company, US Industries/Eljer, and Wal-Mart stores.

We determined the community's credit needs by contacting representatives from economic development organizations. Information regarding community credit needs was also obtained from bank management.

We identified the following credit and non-credit needs in this AA:

-- Greater bank participation in the SBA 504 and 7(a) programs as well as referrals to county economic development organizations mini-loan funds for small businesses who do not qualify for traditional funding.

-- Affordable home improvement and rehabilitation loans for low- and moderate-income individuals.

-- Small business working capital loans to existing and start-up businesses in amounts of \$100 thousand or less.

Financial institutions located within the bank's AA include local community banks and regional institutions. INCB's major competitors within its AA and their corresponding deposit market share include Sky Bank (51%), Home Savings & Loan (16%), and Central Federal Savings & Loan (9%). INCB holds 7% of the deposit market share within its AA.

### **Hancock County Assessment Area, Steubenville-OH Wierton-WV [MA 8080]**

This assessment area consists of 4 geographies: 1 (25%) moderate-income, 2 (50%) middle-income and 1 (25%) upper-income tracts. There are no low-income geographies in this assessment area.

The Department of Housing and Urban Development [HUD] updated median family income for the assessment area for the year 2002 is \$39,400. The 1990 Census Bureau lists the assessment area population at 17,112 persons comprising 4,894 families. Of these families, 20.29% are low-income, 21.09% are moderate-income, 20.37% are middle-income and 38.25% are upper-income. Thirty-one per cent of the household income in the AA is derived from social security.

Households with income below the poverty level are 15% with 6% of the households relying on public assistance. Owner-occupied housing units comprise 74% of the assessment area. The housing units are primarily one-to-four family with a median housing value of \$42,520. There is modest demand for new housing as local industries due to a shrinking population, lack of employment opportunities and uncertainty regarding continued employment in existing

industries.

The annual average 2002 unemployment rates for the assessment area is relatively stable. According to the State of West Virginia Bureau of Labor Market Information, the unadjusted average unemployment rate for 2002 was 5.3%. The unemployment rate for Hancock County is 5.7%. Over the length of the evaluation period, unemployment trends have remained relatively the same with only slight fluctuations.

The local economy of New Cumberland, where INCB's branch is located, has never recovered from its previous dependence on the steel industry. Local economic development agencies in both Steubenville, OH and Weirton, WV are making concerted efforts to find new businesses to relocate in the county and expand existing businesses. Toward this end a Comprehensive Economic Development Strategy has been implemented to guide economic growth through job creation, foster more stable and diversified economies, and improve the overall quality of life.

Hancock County continues to be an industrial region with a variety of products manufactured in the area. The current composition of industries within the AA includes national trade, Inter/Intra-state trade, retail, small manufacturing and financial institutions. Major employers include ISG-Weirton Steel, Ergon Inc., Homer Laughlin China Company, Mountaineer Gaming and Resort, the City of Weirton and Hancock Board of Education.

We determined the community's credit needs by contacting representatives from economic development agencies. Information regarding community credit needs was also obtained from bank management.

We identified the following credit and non-credit needs in this AA:

- Loans to commercial ventures constructed on remediated brownsfield properties.
- Innovative small business products or participation in a microloan pool promoting start-up businesses.
- Creation of an equity fund for economic development projects in Hancock County.

Financial institutions located within the bank's AA include local community banks and branches of regional institutions. INCB's major competitors within its AA and their corresponding deposit market share include Hancock County Savings Bank (79%) and Sky Bank (17%). INCB holds 3% of the deposit market share within this AA.

### **Beaver County Assessment Area, Pittsburgh PA [MA 6820]**

This assessment area consists of 5 geographies: 1 (20%) moderate-income, 3 (60%) middle-income and 1 (20%) upper-income tracts. There are no low-income geographies in this assessment area.

The Department of Housing and Urban Development [HUD] updated median family income for

the assessment area for the year 2002 is \$48,900. The 1990 Census Bureau lists the assessment area population at 20,036 persons comprising 5,628 families. Of these families, 21.02% are low-income, 17.80% are moderate-income, 23.45% are middle-income and 37.72% are upper-income. Thirty-two per cent of the household income in the AA is derived from social security. Households with income below the poverty level are 12% with 8% of the households relying on public assistance. Owner-occupied housing units comprise 75% of the assessment area. The housing units are primarily one-to-four family with a median housing value of \$50,570.

The annual average 2002 unemployment rates for the assessment area is relatively stable. According to the State of Pennsylvania Bureau of Labor Market Information, the unadjusted average unemployment rate for 2002 was 5.1%. The unemployment rate for Beaver County is 5.6%. Over the length of the evaluation period, unemployment trends have remained relatively the same with only slight fluctuations.

The local economy of Midland, where INCB's branch is located, still depends on the steel industry as its major employer although this industry has been in turmoil for many years due to intense global competition and pricing pressures to obtain and retain business. To offset this declining dependence, the Midland Mayor's Office strives to encourage economic development and attract new businesses as well as providing infrastructure and services to its populace. Although these activities are funded by CDBG funds, state and federal monies, economic downswings and budgetary cuts on both the state and federal levels during the evaluation period have reduced the monies available for these projects.

Beaver County continues to be an industrial region with a variety of products manufactured. The current composition of industries within the AA includes national trade, Inter/Intra-state trade, retail, small manufacturing and financial institutions. Major employers include Allegheny Ludlum Company, First Energy, and the Midland Borough School District.

We determined the community's credit needs by contacting a representative from city government. Information regarding community credit needs was also obtained from bank management.

We identified the following credit and non-credit needs in this AA:

- Continued urban renewal projects in Midland such as the downtown revitalization and streetscape programs which include façade improvements to new and existing businesses and infrastructure improvements.
- Affordable home improvement and rehabilitation loans for low- and moderate-income individuals.
- Small business working capital loans to existing and start-up businesses in amounts of \$100 thousand or less.

Financial institutions located within the bank's AA include local community banks and branches of regional institutions. INCB's major competitors within its AA and their corresponding deposit market share include Sky Bank (50%), Citizens Bank of PA (16%), Peoples Home

Savings (11%), National City Bank of PA (8%) and First National Bank Of PA (8%). 1NCB holds less than 1% of the deposit market share within this AA.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

Our performance evaluation was based on the following factors. As the bank is a HMDA reporter, our conclusions are based on all home mortgage loans originated by the bank during the evaluation period. As 1NCB distinguishes home mortgage products by class code, this category includes home purchase, home improvement and home refinance loans. Our analysis of small business loans was based on samples taken from the commercial and commercial real estate portfolios. Performance in the Columbiana County AA will be more heavily weighted as this represents the largest amount of loans in both number and dollar amounts of any of the AA's. Furthermore, the main office and branches in this AA comprise 72% of the bank's branches and 83% of its ATM's.

### **Loan-to-Deposit Ratio**

The bank's net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the AA credit needs.

1NCB's loan-to-deposit ratio (LTD) as of December 31, 2002 was 71.86% and its average LTD over the previous 16 quarters was 62.98%. This ratio has steadily increased since the last public evaluation dated July 19, 1999.

For analysis purposes, 1NCB's current and 16-quarter average LTD ratios were compared with a peer group consisting of banks of various sizes and similar purpose with total assets between \$50million & \$100million with two or more branches in a metropolitan area. The analysis shows 1NCB's LTD ratios are comparable to the peer group's 4Q02 LTD ratio of 72.25% but below the peer 16-quarter average of 74.22%. Bank management cited intense competition among local financial institutions for a stagnant customer base and declining economic conditions during the evaluation period for the lower rates.

### **Lending in Assessment Area**

The bank's record of lending within its AA is excellent and exceeds the standards for satisfactory performance. A substantial majority of the loans originated by the bank were located within its AA. Our conclusions are based on all home mortgage loans and a sample of 60 small business loans as originated by the bank during the evaluation period. The tables below detail the bank's lending within the AA by number of loan originations and dollar volume during the evaluation period.

<b>Loans Originated within the Assessment Area</b>								
	Inside AA				Outside AA			
	#	%	\$	%	#	%	\$	%
<b>Home Mortgage</b>	<b>492</b>	<b>94.62</b>	<b>21,302</b>	<b>93.82</b>	<b>28</b>	<b>5.38</b>	<b>1,403</b>	<b>6.18</b>
Home Purchase	118	93.65	5685	94.61	8	6.38	324	5.39
Home Improve	115	95.04	1138	91.85	6	4.96	101	8.15
Home Refinance	259	94.87	14479	93.67	14	5.13	978	6.33
<b>Small Business</b>	<b>50</b>	<b>83.33</b>	<b>8273</b>	<b>93.63</b>	<b>10</b>	<b>16.67</b>	<b>563</b>	<b>6.37</b>
<b>Total</b>	<b>542</b>	<b>93.45</b>	<b>29,575</b>	<b>93.77</b>	<b>38</b>	<b>6.55</b>	<b>1966</b>	<b>6.23</b>

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

Overall lending to borrowers of different income levels and businesses of different sizes is satisfactory and meets the standards of satisfactory performance. The performance analysis is weighted heaviest within Columbiana County, OH as this assessment area contains 72% of the bank's branches and 83% of its ATM's.

**Columbiana County, OH** - Overall lending to borrowers of different income levels and to businesses of different sizes meets the standards of satisfactory performance and reflects good penetration.

The bank's distribution of home mortgage loans in the Columbiana County AA is good. The percentage of home purchase and home improvement loans made to moderate-income borrowers exceeds the percentage of families in the AA. The percentage of refinance loans made to moderate-income borrowers is slightly less than the distribution of percentage of families in the AA. Although the percentage of home mortgage loans made to low-income borrowers is less than the distribution of percentage of families in the AA, this is acceptable given the high poverty and unemployment rates in the AA.

<b>Distribution of Lending by Borrower Income Level</b>							
	<b>Home Mortgage Loans</b>						<b>Columbiana</b>
	<b>Purchase</b>		<b>Home Improvement</b>		<b>Refinance</b>		<b>Percentage of Families in AA</b>
	<b># of loans</b>	<b>% of loans</b>	<b># of loans</b>	<b>% of loans</b>	<b># of loans</b>	<b>% of loans</b>	
Low	16	15.53	18	18.18	29	12.34	27.63
Moderate	29	28.16	35	35.35	42	17.87	20.65
Middle	27	26.21	32	32.32	70	29.79	23.55
Upper	31	30.10	13	13.13	94	40.00	28.16



Lending to businesses of different sizes is satisfactory. To determine this performance, we selected a sample of twenty-five small business loans. Sixteen of the twenty-five loans were made to businesses with gross annual revenues less than \$1 million representing 64% of the loans in the sample. Census data for businesses in the AA that reported revenue indicated 94% of those businesses had gross annual revenues less than or equal to \$1 million. In addition, eight or 32% of the loans were made to businesses with revenues under \$100 thousand and is cited as meeting a community credit need.

**Hancock County, WV** - Overall lending to borrowers of different income levels and to businesses of different sizes meets the standards of satisfactory performance.

The bank's distribution of home mortgage loans in the Hancock County AA is adequate. The percentage of home improvement and refinance loans made to moderate-income borrowers exceeds the percentage of families in the AA. The percentage of purchase loans made to moderate-income borrowers is slightly less than the distribution of percentage of families in the AA. Although the percentage of home mortgage loans made to low-income borrowers is less than the distribution of percentage of families in the AA, this is acceptable given the high poverty and unemployment rates in the AA. The city of New Cumberland has never recovered from its previous dependence on the steel industry. The high poverty and unemployment rates in this AA are reflective of this dependence.

<b>Distribution of Lending by Borrower Income Level</b>							
	<b>Home Mortgage Loans</b>						Hancock
	<b>Purchase</b>		<b>Home Improvement</b>		<b>Refinance</b>		<b>Percentage of Families in AA</b>
	# of loans	% of loans	# of loans	% of loans	# of loans	% of loans	
Low	0	0.00	3	18.75	1	5.56	20.29
Moderate	2	16.67	4	25.00	4	22.22	21.09
Middle	3	35.00	6	37.50	4	22.22	20.37
Upper	7	58.33	3	18.75	9	50.00	38.25

Overall lending to businesses of different sizes is excellent. To determine this performance, we selected a sample of twenty-four small business loans. Twenty-three of the twenty-four loans were made to businesses with gross annual revenues less than \$1 million representing 96% of loans in the sample. Census data for businesses in the AA that reported revenue indicated 97% of those businesses had gross annual revenues less than or equal to \$1 million. In addition, eight or 33% of the loans were made to businesses with revenues under \$100 thousand and is cited as meeting a community credit need.

**Beaver County, PA** – Overall lending to borrowers of different income levels and to businesses of different sizes meets the standards of satisfactory performance.

The bank's distribution of home mortgage loans in the Beaver County AA is poor. The bank made no home improvement or refinance loans to low- and moderate-income borrowers in the AA. The percentage of refinance loans made to low-and moderate-income borrowers is slightly

less than the distribution of percentage of families in the AA. Discussion with bank management revealed its loan projections overestimated the loan demand in the area coupled with a slowing economy and increased competition among financial institutions in a stagnant market accounted for the low number of loans made during the period under review.

<b>Distribution of Lending by Borrower Income Level</b>							
	<b>Home Mortgage Loans</b>						<b>Beaver</b>
	<b>Purchase</b>		<b>Home Improvement</b>		<b>Refinance</b>		<b>Percentage of Families in AA</b>
	<b># of loans</b>	<b>% of loans</b>	<b># of loans</b>	<b>% of loans</b>	<b># of loans</b>	<b>% of loans</b>	
<b>Low</b>	0	0.00	0	0.00	1	16.67	21.02
<b>Moderate</b>	0	0.00	0	0.00	1	16.67	17.80
<b>Middle</b>	1	50.00	0	0.00	2	33.33	23.45
<b>Upper</b>	1	50.00	0	0.00	2	33.33	37.72

Overall lending to businesses of different sizes is excellent. To determine this performance, we selected a sample of ten small business loans. Nine of the ten loans were made to businesses with gross annual revenues less than \$1 million representing 90% of loans in the sample. Census data for businesses in the AA that reported revenue indicated 97% of those businesses had gross annual revenues less than or equal to \$1 million. In addition, seven of the loans were made to businesses with revenues under \$100 thousand and is cited as meeting a community credit need.

### **Geographic Distribution of Loans**

Overall the bank’s geographic distribution of loans is good and meets the standards of satisfactory performance. The bank’s geographic distribution of home mortgage loans exceeds the standards for satisfactory performance and reflects excellent performance. The bank’s geographic distribution of small business loans is adequate and meets the standards of satisfactory performance. The performance analysis is weighted heaviest within the Columbiana County, OH as this assessment area contains 72% of the bank’s branches and 83% of its ATM’s.

**Columbiana County, OH** – Overall the bank’s geographic distribution of loans is good and meets the standards of satisfactory performance. The bank's geographic distribution of home mortgage loans is excellent and exceeds the standards for satisfactory performance. The bank's geographic distribution of small business loans is adequate and meets the standards of satisfactory performance.

The bank's geographic distribution of home mortgage loans in the Columbiana County AA reflects excellent performance. The bank's distribution of home mortgage loans in all categories exceeds the distribution of the percentage of owner-occupied housing in low- and moderate-income geographies as shown in for following table.

<b>Geographic Distribution of Lending</b>							
	<b>Home Mortgage Loans</b>						Columbiana
	<b>Purchase</b>		<b>Home Improvement</b>		<b>Refinance</b>		<b>Percentage of Owner-Occupied Housing in AA</b>
	# of loans	% of loans	# of loans	% of loans	# of loans	% of loans	
Low	11	10.68	10	10.10	18	7.66	2.33
Moderate	53	51.46	45	45.45	94	40.00	26.18
Middle	40	38.83	44	44.44	123	52.34	71.50
Upper	NA	NA	NA	NA	NA	NA	NA

The bank's geographic distribution of small business loans reflects satisfactory performance. The bank's origination of small business loans (from our sample) within low-income geographies exceeds the percentage of non-farm businesses in this AA. Although the bank's origination of small business loans within moderate-income geographies falls below the percentage of non-farm businesses in this geography, this performance is considered adequate because this area has been experiencing a declining economic base as businesses downsize or close. Although concerted efforts were made to attract new business into the area, it has been met with only limited success.

<b>Geographic Distribution of Lending</b>					
	<b>OH Small Business Loans</b>				Percentage of Non-Farm Businesses in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	3	12.00	178	3.54	7.69
Moderate	3	12.00	1196	23.80	23.08
Middle	19	76.00	3652	72.66	69.23
Upper	NA	NA	NA	NA	NA
Total	25	100.00	5026	100.00	100.00

**Hancock County, WV** - Overall the bank's geographic distribution of loans is good and meets the standards of satisfactory performance. The geographic distribution of home mortgage loans is excellent and exceeds the standards of satisfactory performance. The geographic distribution of small business loans is good and meets the standards of satisfactory performance. There are no low-income geographies in this AA.

The bank's distribution of home mortgage loans in the Hancock County AA is excellent. The bank's distribution of home mortgage loans in all categories exceeds the distribution of the percentage of owner-occupied housing in moderate-income geographies as reflected in the following table.

<b>Geographic Distribution of Lending</b>							
	<b>Home Mortgage Loans</b>						Hancock
	<b>Purchase</b>		<b>Home Improvement</b>		<b>Refinance</b>		<b>Percentage of Owner-Occupied Housing in AA</b>
	# of loans	% of loans	# of loans	% of loans	# of loans	% of loans	
Low	NA	NA	NA	NA	NA	NA	NA
Moderate	6	50.00	5	31.25	9	50.00	15.62
Middle	5	41.67	9	56.25	4	22.22	46.15
Upper	1	8.33	2	12.50	5	27.78	38.23

The bank's geographic distribution of small business loans is good. The bank's origination of small business loans (from our sample) within moderate-income geographies exceeds the percentage of non-farm businesses in this AA.

<b>Geographic Distribution of Lending</b>					
	<b>WV Small Business Loans</b>				Percentage of Non-Farm <i>Businesses</i> in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	NA	NA	NA	NA	NA
Moderate	7	29.17	2719	81.33	25.00
Middle	17	70.83	624	18.67	50.00
Upper	0	0.00	0	0.00	25.00
Total	24	100.00	3343	100.00	100.00

**Beaver County, PA** - Overall the bank's geographic distribution of loans is adequate and meets the standards of satisfactory performance. The geographic distribution of home mortgage loans is satisfactory and meets the standards of satisfactory performance. The geographic distribution of small business loans is good and exceeds the standards of satisfactory performance. There are no low-income geographies in this AA.

The bank's distribution of home mortgage loans in the Beaver County AA reflects satisfactory performance. The bank's distribution of purchase and refinance loans exceeds the percentage of owner-occupied housing in moderate-income geographies. Although there were no home improvement loans made in the moderate-income geography, this is acceptable given the high poverty rate in the AA. Discussion with bank management revealed that its projections overestimated the loan demand in the area coupled with a slowing economy and increased competition accounted for the low number of loans made during the period under review.

<b>Geographic Distribution of Lending</b>							
	<b>Home Mortgage Loans</b>						Beaver
	<b>Purchase</b>		<b>Home Improvement</b>		<b>Refinance</b>		<b>Percentage of Owner-Occupied Housing in AA</b>
	# of loans	% of loans	# of loans	% of loans	# of loans	% of loans	
Low	NA	NA	NA	NA	NA	NA	NA
Moderate	1	50.00	0	0.00	4	66.67	12.87
Middle	1	50.00	0	0.00	1	16.67	48.71
Upper	0	0.00	0	0.00	1	16.67	38.42

The bank's geographic distribution of small business loans is excellent. The bank's distribution of small business loans exceeds the distribution of the percentage of non-farm businesses in moderate-income geographies as reflected in the following table.

<b>Geographic Distribution of Lending</b>					
	<b>PA Small Business Loans</b>				Percentage of Non-Farm <i>Businesses</i> in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	NA	NA	NA	NA	NA
Moderate	6	60.00	146	33.26	22.99
Middle	4	40.00	293	66.74	33.94
Upper	0	0.00	0	0.00	43.07
Total	10	100.00	439	100.00	100.00

### **Responses to Complaints**

INCB has not received any written complaints regarding its performance meeting the credit and deposit needs of its AA during the evaluation period.

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

An analysis of recent public comments and consumer complaint information regarding the bank's CRA performance was performed according to the OCC's risk based fair lending guidelines. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the current CRA evaluation this year.