

PUBLIC DISCLOSURE

September 17, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**AMERISERV FINANCIAL BANK
RSSD – 928618
JOHNSTOWN, PENNSYLVANIA**

**FEDERAL RESERVE BANK OF PHILADELPHIA
TEN INDEPENDENCE MALL, PHILADELPHIA, PA**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of the 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 Reserve Bank of Philadelphia concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING

AmeriServ Financial Bank is rated **SATISFACTORY**.

TABLE OF PERFORMANCE TEST RATINGS

The following table indicates the performance level of AmeriServ Financial Bank with respect to the lending, investment, and service tests.

PERFORMANCE TEST MATRIX			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

SUMMARY OF MAJOR FACTORS SUPPORTING RATING

Major factors contributing to this rating include:

- the bank made a substantial majority of its loans inside its assessment areas;
- the geographic distribution of home mortgage and small business and small farm loans reflects good penetration throughout the assessment areas;
- the distribution of borrowers, in light of the product lines offered by the bank, reflects good penetration among retail customers of different income levels and business customers of different sizes;
- the bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its assessment area, low-income individuals, and very small businesses, consistent with safe and sound banking practices;
- the bank makes extensive use of innovative and flexible practices in serving assessment area credit needs;
- the bank is a leader in making community development loans;
- the bank has a significant level of qualified community development investments and grants;
- the bank's delivery systems are readily accessible to all portions of its assessment areas, and;
- the bank is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

AmeriServ Financial Bank (AmeriServ), headquartered in Johnstown, Cambria County, Pennsylvania, is state chartered as a full-service commercial bank. Through 19 branch locations in central and western Pennsylvania, it offers a variety of consumer and commercial banking services. The bank is the sole banking subsidiary of AmeriServ Financial, Inc., a \$876 million bank holding company also headquartered in Johnstown, Pennsylvania.

The following table details the locations of the bank's branches.

Metropolitan Statistical Area (MSA)	County	Number of Branches
Johnstown MSA	Cambria County, PA	11
Somerset Micropolitan SA	Somerset County, PA	3
Pittsburgh MSA	Allegheny County, PA	1
Pittsburgh MSA	Westmoreland County, PA	2
State College MSA	Centre County, PA	2
Total Branches		19

In addition to these branches, AmeriServ operates loan production offices in Altoona, Blair County, PA and Greensburg, Westmoreland County, PA. During the time period of this evaluation, AmeriServ closed three branches in Cambria County as detailed below:

- A branch in a middle-income tract in Nanty Glo, PA closed on October 20, 2006.
- A drive-in in a middle-income tract in Johnstown, PA closed on July 31, 2007.
- A branch in a middle-income tract in St. Michaels, PA closed on September 14, 2007.

As of June 30, 2007, AmeriServ reported total assets of \$866 million, of which \$605 million, or approximately 70%, were loans and leases. On a dollar volume basis, commercial loans, which include commercial mortgages and commercial and industrial loans, are the most material product offered by the bank. The second most significant product is loans secured by residential property.

The following table details AmeriServ's loan portfolio as of June 30, 2007.

LOANS as of 06/30/2007	\$000	%
Real Estate Secured		
Construction & Land Development	30,130	5
Secured by Residential Property (Open-End)	8,871	1.5
Secured by Residential Property (Closed-End)	200,755	33
Multi-Family Property	19,233	3
Commercial Mortgages	210,372	35
Commercial and Industrial	102,547	17
Consumer Loans (Open and Closed End)	15,588	2.5
Obligations of States and Political Subdivisions	6,174	1
Other Loans	9,708	1.5
Lease Financing	1,261	0.5
GROSS LOANS	\$604,639	100%

Source: Consolidated Report of Condition, Schedule RC-C, for the period ending June 30, 2007

DESCRIPTION OF ASSESSMENT AREAS

For purposes of the Community Reinvestment Act (CRA), AmeriServ has designated four assessment areas in Pennsylvania:

- The Johnstown MSA assessment area consists of all of Cambria County, which comprises the Johnstown MSA. This assessment area also includes two middle-income census tracts in Indiana County, a non-MSA area. These tracts are immediately adjacent to western Cambria County.
- The Somerset County Area assessment area, which is classified as a Micropolitan Statistical Area.
- The Pittsburgh MSA assessment area encompasses Allegheny and Westmoreland Counties, both located in the Pittsburgh MSA.
- The State College MSA assessment area consists of Centre County, which comprises the State College MSA.

The bank's assessment areas comply with the requirements of the CRA and do not arbitrarily exclude low- and moderate-income census tracts. The bank's asset size and financial condition indicate it can meet the credit needs of its assessment areas effectively. Additionally, the bank has no legal or other impediments hampering its ability to meet community credit needs.

SCOPE OF EXAMINATION

AmeriServ's CRA performance was evaluated for the period August 1, 2005 through September 17, 2007. In accordance with the Interagency Procedures and Guidelines for Large Retail Institutions, the lending, investment, and service tests were used to assess the bank's CRA performance. Under the lending test, certain loan products were evaluated, including home-purchase and home-improvement loans and the refinancing of such loans (collectively titled Home Mortgage Disclosure Act (HMDA) loans), small business loans, and other loans that qualify as community development.

Both HMDA and CRA Small Business data reviewed for purposes of this evaluation covered the period January 1, 2005 through December 31, 2006. AmeriServ's HMDA and small business loans were compared to the aggregate of all lenders in the bank's assessment areas reporting HMDA and small business loans, respectively. These data are reported annually and 2006 is the most recent year for which data is available.

For purposes of evaluating the geographic distribution of loans, census tracts were classified on the basis of 2000 U.S. Census data.

The distribution of loans to borrowers of different income levels was based upon annually adjusted median family income data made available by the U.S. Department of Housing and Urban Development (HUD).

The most recent year for which median family income data are available is 2007. All other demographic indices and statistics presented throughout this evaluation are based on 2000 U.S. Census data using 2004 Office of Management and Budget (OMB) designations unless otherwise noted.

A substantial majority of the bank's lending and operations are in the Johnstown MSA, Pittsburgh MSA, and the Somerset County assessment areas. As a result, full reviews of the bank's performance in these assessment areas were conducted. A limited review was performed to assess the bank's CRA performance in the State College MSA assessment area. Additionally, written documentation of interviews conducted with community representatives prepared by the Federal Reserve and other regulatory agencies were reviewed to assist in determining the credit needs within the bank's assessment areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Performance under the lending test is rated high satisfactory.

Lending Activity

The bank's lending levels demonstrate its responsiveness to the credit needs of the assessment areas. As of June 30, 2007, net loans represented 69% of total assets. The bank's national peer group average was 72%.¹ AmeriServ's loan-to-deposit ratio was 78%, compared to the peer group average of 88% as of June 30, 2007. Economic conditions in the region resulted in lower loan demand for AmeriServ than for its national peers. It should be noted that the bank's loan-to-deposit ratio was almost ten percentage points higher than a local competitor.

The bank's HMDA and small business loans were evaluated to determine if they were extended within the bank's assessment areas. As the following table illustrates, a substantial majority of the bank's loans were made within its assessment areas.

¹ Ameriserv's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion.

AmeriServ Financial Bank Lending Inside and Outside the Assessment Area								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	357	94.4	\$8,953	78.8	21	5.6	\$2,410	21.2
Home Purchase - Conventional	509	88.1	\$69,353	89.0	69	11.9	\$8,570	11.0
Home Purchase - FHA	71	71.7	\$5,547	72.7	28	28.3	\$2,082	27.3
Home Purchase - VA	11	64.7	\$1,109	58.4	6	35.3	\$789	41.6
Refinancing	458	91.8	\$24,835	89.2	41	8.2	\$3,022	10.8
Total HMDA Related	1,406	89.5	\$109,797	86.7	165	10.5	\$16,873	13.3
Small Business	219	80.5	\$38,843	69.1	53	19.5	\$17,356	30.9
Total Small Business Related	219	80.5	\$38,843	69.1	53	19.5	\$17,356	30.9
TOTAL LOANS	1,625	88.2	\$148,640	81.3	218	11.8	\$34,229	18.7

Commercial Loans

An analysis of the loan distribution to businesses revealed that small business lending is consistent with the institution's asset size, lending capacity, and business objectives and reflects good penetration among businesses of different sizes. For the purpose of this evaluation, a small business loan is defined as a commercial loan with an origination amount of \$1 million or less. Schedule RC-C Part II (Loans to Small Businesses and Small Farms) of the bank's Consolidated Reports of Condition and Income as of June 30, 2007 (the most recent available), indicates that it designates 35% of its commercial loans as small business loans, as detailed in the following chart.

AMERISERV FINANCIAL BANK COMMERCIAL LOAN PORTFOLIO		
	AMOUNT OUTSTANDING AS OF 06/30/2007 (\$000)	PERCENT
Loans with original amounts of \$100,000 or less	17,801	6
Loans with original amounts of more than \$100,000 through \$250,000	20,626	7
Loans with original amounts of more than \$250,000 through \$1,000,000	69,785	22
TOTAL SMALL BUSINESS LOANS	108,212	35
Loans with original amounts of greater than \$1,000,000	204,707	65
TOTAL COMMERCIAL LOANS	312,919	100

Geographic Distribution of Lending and Borrower Characteristics

The bank's geographic distribution of home mortgage and small business loans reflects good penetration throughout the bank's assessment areas.

The overall distribution of loans among borrowers of different income levels, especially low- and moderate-income borrowers, and loans among businesses of different sizes shows good penetration, given the economic condition and demographics of the assessment areas. The bank's lending to small businesses is consistent with its asset size, lending capacity, and business objectives.

In addition, AmeriServ actively participates in the Pennsylvania Housing Finance Agency (PHFA) lending program, which offers below market rate residential mortgages specifically targeted to low- and moderate-income Pennsylvania residents.

Community Development Lending

The bank is a leader in making community development loans. During the evaluation period, the bank originated three community development loans, totaling \$7.8 million, in its assessment areas. These loans supported economic development in the Johnstown and Pittsburgh assessment areas.

INVESTMENT TEST

Performance under the investment test is rated high satisfactory. AmeriServ has a significant level of qualified community development investments and grants, and exhibits good responsiveness to community development needs. Investments total approximately \$605 thousand and support economic development in the bank's assessment areas.

SERVICE TEST

AmeriServ's performance under the service test is rated outstanding. Branch delivery systems, as well as alternative delivery systems such as ATMs, telephone and on-line banking, are readily accessible to the bank's geographies and individuals of different income levels in the assessment areas. Banking services do not vary in a way that inconveniences its constituents irrespective of census tract or income level.

The bank is a leader in providing community development services, including products that provide greater access to banking services for low- and moderate-income individuals and small businesses. In addition, bank officers and employees serve in various capacities on boards and committees of numerous community development organizations.

COMPLIANCE WITH FAIR LENDING LAWS

The review of the bank's credit practices did not reveal any violations of the substantive provisions of anti-discrimination laws, including the Equal Credit Opportunity Act, which is implemented through Regulation B, the Home Mortgage Disclosure Act, which is implemented through Regulation C, the Fair Housing Act or any other relevant laws or regulations prohibiting discrimination of similarly situated credit applicants.

FULL REVIEW ASSESSMENT AREA CONCLUSIONS

JOHNSTOWN, PA METROPOLITAN STATISTICAL AREA

DESCRIPTION OF ASSESSMENT AREA

AmeriServ's assessment area includes all of the Johnstown MSA, which comprises Cambria County. This assessment area consists of 50 census tracts, two of which are designated as low-income; 10 as moderate-income; 32 as middle-income; and 6 as upper-income. The two low-income tracts and seven of the moderate-income tracts are located in the city of Johnstown. The remaining three moderate-income tracts are located in the boroughs of Franklin, Dale, and Northern Cambria. About thirteen percent of the assessment area's population resides within these low- and moderate-income census tracts.

AmeriServ's performance in the Johnstown assessment area was evaluated within the demographic and business context in which it operates. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits as of June 30, 2006², 12 depository institutions operate in the Johnstown MSA. These institutions maintained a total of 81 branches, holding \$2.4 billion in deposits. AmeriServ operated 12 of these branches with \$569 million in deposits, or 77% of the bank's total deposits. Furthermore, the bank ranked first in the Johnstown MSA, controlling 23% of total retail deposits.

AmeriServ's HMDA loans were compared to the aggregate of all lenders in the assessment area reporting real estate loans pursuant to HMDA. These data are reported annually, and the most recent year for which information is available is 2006, when a total of 225 institutions reported HMDA loans in the Johnstown MSA. AmeriServ ranked third (behind Wells Fargo Bank NA and First National Bank of PA) with 7% of all such loan originations and purchases. Local and regional financial institutions ranked in the top ten in 2006 include First National Bank of PA with 9%, First Commonwealth Bank and 1st Summit Bank with 5% each. The fact that seven of the top ten reporters are local and regional lenders in the county (with a total of 34% of market share) demonstrates that community and regional banks in the area are competing successfully with national lenders such as Wells Fargo Bank NA and Countrywide Home Loans.

A total of 40 lenders reported small business loans in the Johnstown MSA in 2006. AmeriServ ranked 14th with 1.3% of the market. Since business credit cards are included in CRA Small Business reporting, national lenders American Express Bank FSB, Chase Bank USA NA, and Citibank SD NA, captured 40% of the market; however, regional banks 1st Summit Bank, First National Bank of PA, and First Commonwealth Bank were able to compete with the national lenders to capture 18% of the market.

² June 30, 2006 is the most recent date for which FDIC deposit data is available.

ECONOMIC CHARACTERISTICS

Johnstown's economy has recently been on an upswing, with employment and output rising at a faster rate than state, regional, and national averages. The Johnstown MSA comprises Cambria County in its entirety. The healthcare industry is the mainstay of the local economy, and a recent rise in federal defense spending has aided the manufacturing sector. The rate of homeownership is high in the area, and the area has experienced less volatility in home prices providing consumers with a financial cushion. In addition, the area's high retiree population ensures that health care is in high demand, and the large number of residents outside of the labor market keeps local employment levels stable. Furthermore, the Johnstown MSA continues to offer a low cost of living and low cost of doing business.

Conversely, the area's high number of retirees has a downside as fixed income retirees have held down growth in all sectors of the local economy. Job growth is also constrained by a workforce that lacks the education to compete with labor forces in surrounding metropolitan areas such as State College and Pittsburgh. Moreover, the MSA is one of the few areas in country with a declining natural population, having fewer births than deaths.

The largest employer in the Johnstown MSA is Conemaugh Valley Memorial Hospital. Other major employers in the area include the Pennsylvania, Cambria County, and federal governments, Wal-Mart, Concurrent Technologies Corp. (non-profit applied research and development professional services), Laurel Technologies, and St Francis College. AmeriServ, with 12 branches (as of June 30, 2006) holds the largest market share of deposits (23.5%) of any financial institution with branches in the MSA. First National Bank of Pennsylvania has 22 branches in the MSA, but holds only 19% of MSA deposits. Other banks with a large presence in the area include First Commonwealth Bank with 18% of MSA deposits, and 1st Summit Bank with 12%. Together, the top four banks hold about 73% of area deposits.

Area unemployment rates are above those in Pennsylvania and the US as reflected in the following table:

Locations	July 2007	July 2006
Johnstown MSA	5.6	6.0
Pennsylvania	4.5	5.0
United States	4.9	5.0

Community credit needs most frequently mentioned in community contact interviews performed by this Reserve Bank include: (1) basic banking and credit counseling for low- and moderate-income residents; (2) down payment and closing cost assistance for low-and moderate-income homebuyers; (3) home improvement loans to rehabilitate the aging housing base; and (4) small business loans.

According to the 2000 Census, the Johnstown MSA assessment area contains 68,381 housing units, of which 69% are owner-occupied and 23% are rental units. In low-income census tracts, 16% of housing units are owner-occupied, and in moderate-income tracts 50% of housing units are owner-occupied. The overall owner-occupancy rate for Pennsylvania is 65%.

The percentage of owner-occupied housing units contained within designated census tracts was used as a proxy to estimate demand for residential mortgage lending within such census tracts. An analysis of owner-occupied housing units, compared to the number of total available housing units for each geographic designation shows that only 0.6% of all owner-occupied units are located in the assessment area's low-income census tracts and 10% are in moderate-income tracts. The large majority of owner-occupied units are located in middle- and upper-income income census tracts, at 75% and 15%, respectively.

Demographics reveal that single-family homes comprise 78% of all housing units in the Johnstown MSA assessment area, while two-to-four family units comprise 9%, multi-family units 7%, and mobile homes 6%. The median age of the housing stock is 52 years, higher than that in the Pennsylvania at 43 years. Median rent in the assessment area is \$363, with 30% of renters paying more than 30% of their income for housing.

Census data also indicate that the median housing value in the Johnstown MSA assessment area in 2000 was \$61,394. The median housing value in the area's upper-income tracts was \$90,140; in middle-income tracts \$60,070; \$34,979 in the moderate-income tracts; and \$31,786 in the low-income tracts. However, since over 80% of the low- and moderate-income families reside in middle- and upper-income tracts, housing costs are out of their reach. Of the total owner-occupied housing units, 48% are valued at less than \$60 thousand, indicating that housing in this assessment area is significantly more affordable than housing in Pennsylvania as a whole, where 24% of housing units are valued at less than \$60 thousand.

BORROWER INCOME DATA

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. According to 2000 Census data, the median family income for the Johnstown MSA was \$37,606, compared to \$49,184 for the Commonwealth. In 2007, the adjusted median family income for the Johnstown MSA, as reported by HUD, increased to \$45,500.

According to 2000 Census data, 18% of families in the assessment area are designated as low-income and 20% are moderate-income. Families living below the poverty level represent 9% of total families in the assessment area, compared to 8% in Pennsylvania as a whole.

GEOGRAPHIC BUSINESS DATA

The percentage of small businesses (those with annual revenues of \$1 million or less) located within designated census tracts was used as a proxy to estimate demand for small business credit within such census tracts.

According to Dun and Bradstreet, the Johnstown MSA assessment area has 4,095 small businesses. Six percent of the small businesses are located in low-income census tracts and 10% in moderate-income tracts. The large majority (70%) of small businesses are located in the middle-income census tracts.

The demographics used to assess the performance context in which AmeriServ operates in the Johnstown MSA assessment area are detailed in the following table.

AmeriServ Financial Bank Assessment Area Demographics Johnstown, PA MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	4.0	421	1.0	137	32.5	7,564	17.7
Moderate-income	10	20.0	5,025	11.8	1,046	20.8	8,485	19.9
Middle-income	32	64.0	31,174	73.0	2,562	8.2	10,153	23.8
Upper-income	6	12.0	6,083	14.2	271	4.5	16,501	38.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	50	100.0	42,703	100.0	4,016	9.4	42,703	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,747	278	0.6	15.9	1,155	66.1	314	18.0
Moderate-income	9,407	4,702	9.9	50.0	3,547	37.7	1,158	12.3
Middle-income	48,310	35,310	74.7	73.1	9,476	19.6	3,524	7.3
Upper-income	8,917	6,967	14.7	78.1	1,460	16.4	490	5.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	68,381	47,257	100.0	69.1	15,638	22.9	5,486	8.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	321	6.8	261	6.4	55	11.8	5	3.2
Moderate-income	500	10.6	418	10.2	64	13.7	18	11.4
Middle-income	3,250	68.8	2,859	69.8	276	59.0	115	72.8
Upper-income	650	13.8	557	13.6	73	15.6	20	12.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,721	100.0	4,095	100.0	468	100.0	158	100.0
	Percentage of Total Businesses:			86.7		9.9		3.3

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The lending test evaluates an institution's lending activities based on the following characteristics:

- geographic distribution of loans, particularly loans originated in low- and moderate-income census tracts;
- borrowers' profile, particularly distribution of loans to low- and moderate-income borrowers and small businesses;
- overall responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses; and
- community development lending activities.

The bank's performance under the lending test is rated high satisfactory in the Johnstown MSA assessment area.

Geographic Distribution of Lending

The geographic distribution of loans in the Johnstown assessment area was analyzed to determine the dispersion of loans among different census tracts within the assessment area. The analysis revealed good penetration throughout the assessment area, including low- and moderate-income census tracts.³

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts was used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in these census tracts. An overwhelming majority (89%) of owner-occupied units in the Johnstown MSA assessment area were located in the area's middle-and upper-income census tracts, with 0.6% located in low-income tracts and 10% in moderate-income tracts. AmeriServ's distribution of HMDA loans indicates that 0.7% of originations were in low-income census tracts and 10% in moderate-income tracts, reflecting excellent penetration.

Geographic Distribution in Relation to Market Performance

AmeriServ's home mortgage lending was compared to all lenders operating in the Johnstown assessment area in 2006.⁴ While 0.6% of all owner-occupied housing units are located in low-income census tracts, 0.2% of all home mortgage loans made in the assessment area were made in low-income census tracts. In comparison, AmeriServ originated 0.7% of its loans in the low-income tracts, exceeding the proxy of owner-occupied homes in those tracts.

Moderate-income census tracts contained 10% of all owner-occupied housing units, and 8% of all home mortgage loans made in the assessment area were made in moderate-income census tracts. By comparison, AmeriServ outperformed the aggregate in these tracts, matching the 10% of owner-occupied units and originating an excellent level of loans to low-and moderate-income tracts in this assessment area.

³ The information used to evaluate AmeriServ's lending activity in each of its assessment areas is detailed in the **CRA LOAN DISTRIBUTION TABLES** contained in Appendix B. The tables show home mortgage and small business loans the bank originated.

⁴ 2006 is the most recent year for which aggregate HMDA loan data is available.

Small Business Lending

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the bank's Johnstown MSA assessment area. The bank's penetration throughout the assessment area was good, including lending in low- and moderate-income census tracts.

AmeriServ originated 123 small business loans in the Johnstown MSA assessment area, in an aggregate amount of \$16 million. A comparison of the number of small business loans originated in each type of census tract to the number of small businesses located in those census tracts demonstrates the bank's commitment to making credit available to its entire community. Business demographics revealed a total of 4,095 small businesses are located within the assessment area.

AmeriServ's extension of credit to these businesses and farms shows that low-income census tracts received 10% of small business loans, while 6% of small businesses are located in these census tracts. Moderate-income census tracts received 7% of small business loans, while 10% of small businesses are located in these census tracts. Middle-income census tracts, with 70% of small businesses, received 68% of small business loans, and upper-income census tracts received 15% of small business loans for their 15% share of small businesses.

Geographic Distribution in Relation to Market Performance

AmeriServ's small business lending was compared to all lenders operating in the Johnstown MSA assessment area in 2006. Aggregate data showed that 6% of all small business loans were made in low-income census tracts and 6% of all small businesses are located in low-income census tracts. In comparison, AmeriServ originated 10% of its small business loans in low-income census tracts, outperforming the market in these tracts. Furthermore, 10% of all small business loans were made in moderate-income census tracts and 10% of small businesses are located in moderate-income census tracts. AmeriServ originated 7% of its small business loans in moderate-income census tracts, demonstrating performance below that of the market in these tracts.

Distribution of Loans by Borrower Income Level and Revenue Size of Business

HMDA and small business lending data were analyzed in conjunction with a review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different income levels and to businesses of different sizes.

Lending to Borrowers of Different Income Levels

The analysis of AmeriServ's home mortgage loans to low- and moderate-income borrowers shows that the bank originated 12% of its HMDA loans to low-income borrowers, while 18% of families in the assessment area are designated as low-income. The bank originated 19% of its HMDA loans to moderate-income borrowers, while 20% of families are designated as moderate-income. The bank's overall distribution of loans reflects excellent penetration among retail customers of different income levels, especially in light of the inherent obstacles in lending to low- and moderate-income borrowers.

AmeriServ participates in several innovative and flexible loan programs that help local low- and moderate-income borrowers purchase and rehabilitate area homes and enhance the bank's lending profile in the assessment area.

- AmeriServ originates loans through lending programs offered by the Pennsylvania Housing Finance Agency (PHFA) targeting low- and moderate-income borrowers and those purchasing or constructing housing in specific areas. Borrowers must be first-time homebuyers or homebuyers in targeted areas with incomes less than 100% of the area median purchasing a home priced below an amount set by PHFA. Income guidelines set by the PHFA ensure that loans are originated to low- and moderate-income borrowers. AmeriServ originated over \$1.3 million of these loans in the Johnstown MSA assessment area.
- AmeriServ participates in the City of Johnstown Rehabilitation Program, which is open to first-time low- and moderate-income homebuyers purchasing single family homes in Johnstown. AmeriServ originates the mortgages at a discounted rate with limited fees and no private mortgage insurance, and no payment is due during the loan's first 120 days. In addition, the city of Johnstown provides up to \$20,000 for home repairs, and borrowers may also be eligible for up to \$2500 in closing cost assistance from the Cambria Community Development Corporation (CCDC). The bank originated twenty loans during the evaluation period totaling almost \$586 thousand.
- The bank also participates in the CCDC's First-Time Homebuyer Program, which is open to homebuyers purchasing homes rehabilitated by the CCDC. The homes must be owner-occupied primary residences purchased by low- and moderate-income borrowers, and AmeriServ provides financing at a discounted rate with no payment due for the first 120 days. Six of these loans were originated during the evaluation period for a total of \$87 thousand.
- AmeriServ also offers mortgages at a discounted rate and low fees to borrowers purchasing homes under the Johnstown Housing Authority's (JHA) Prospect Project. This program provides new homes in the Prospect neighborhood, a low-income area in the city of Johnstown. These homes are under a lease agreement with an option to purchase, with JHA assistance to the borrower. AmeriServ originated four of these loans during the evaluation period for a total of over \$150 thousand.

Borrower Distribution in Relation to Market Performance

AmeriServ's home mortgage lending was compared to all lenders operating in the Johnstown MSA assessment area in 2006. This analysis revealed that while 18% of all families in the assessment area are considered low-income, only 9% of all home mortgage loans made in the assessment area were made to low-income borrowers. By comparison, AmeriServ originated 12% of its home mortgage loans to low-income borrowers. In addition, while 20% of families are considered moderate-income, 19% of all home mortgage loans made in the assessment area were made to moderate-income borrowers. AmeriServ matched the market, also originating 19% of home mortgage loans to moderate-income borrowers.

Lending to Businesses of Different Sizes

Small business lending data were analyzed to determine the extent of lending to businesses of different sizes, especially small businesses. A small business is defined as a business with gross annual revenues of \$1 million or less. AmeriServ's distribution of loans reflects good penetration among business customers of different sizes.

According to business data provided by Dun and Bradstreet, approximately 87% of businesses in the Johnstown MSA assessment area reported revenues of less than \$1 million. AmeriServ originated 123 small business loans aggregating over \$16 million in 2005 and 2006. Of these loans, 89, or 72%, were originated to businesses with gross annual revenues of \$1 million or less.

Furthermore, of the 123 small business loans the bank originated during 2005 and 2006, 90 (or 73%) were extended in an amount of \$100 thousand or less. Since small loans are generally commensurate with the borrowing needs of smaller businesses, AmeriServ's lending activity demonstrates that it is meeting the credit needs of smaller businesses.

AmeriServ also uses innovative and flexible small business lending programs to enhance its lending profile. The bank is a certified and preferred lender for the Small Business Administration (SBA) and currently has over \$1.8 million in SBA loans outstanding. AmeriServ helps finance local small businesses by operating a Small Business Flexible Loan Pool, which offers loans with flexible underwriting standards to local small businesses. This pool has 425 loans aggregating \$23 million as of the evaluation date.

Community Development Lending

AmeriServ was a leader in community development lending, providing a \$2 million loan to cover costs associated with the demolition of the former Sani-Dairy plant in a low-income area in downtown Johnstown to make way for the for the Greater Johnstown Tech Park. This development will revitalize downtown Johnstown, transforming an abandoned brownfield into a vibrant center for the technology industry. In addition to bringing hundreds of jobs to the city of Johnstown, the complex will help revitalize the entire downtown area.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts or individuals as well as the innovativeness and complexity of such investments. Qualified investments made before the previous evaluation, which are still outstanding, are considered under this test.

For purposes of CRA, the term "qualified investment" includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The bank's performance under the investment test is rated low satisfactory in the Johnstown assessment area.

Volume of Investment and Grant Activity

Our review of investment activity revealed that AmeriServ has a significant level of qualified community development investments and grants in the Johnstown MSA assessment area. During the previous evaluation period, AmeriServ invested a total of \$600 thousand in equity investments supporting economic development. These investments support initiatives in the banks' Johnstown MSA, Somerset, and Pittsburgh MSA assessment areas.

Qualified investments include a \$500 thousand equity investment in the New Markets Venture Capital Fund. The Fund invests in the growth and expansion of companies within certain markets in central and northern Pennsylvania. Its mission is to encourage economic growth by financing job creation and retention in certain low-income and rural areas.

AmeriServ also holds a \$100 thousand investment in the Progress Fund, a non-profit community development financial institution in Hollidaysburg, PA. The fund provides loans and technical assistance to small businesses serving tourists and visitors in rural areas of southwestern Pennsylvania, eastern Ohio, and West Virginia. Their service area includes Cambria, Somerset, and Westmoreland counties in the bank's assessment areas.

In addition to the investments, the bank made contributions to local organizations providing services to low- and moderate-income individuals within its assessment area. During the evaluation period, the bank extended almost \$2400 in qualified contributions to these organizations.

Responsiveness to Credit and Community Development Needs

AmeriServ exhibits good responsiveness to credit and community development needs in its assessment area. Investments specifically address the assessment area's need for job creation and retention.

SERVICE TEST

The service test evaluates the financial services provided by a financial institution using the following criteria:

- the accessibility of delivery mechanisms within an assessment area, including the distribution of an institution's branch offices and alternative delivery mechanisms;
- the impact of changes in branch locations upon low- and moderate-income census tracts and/or low- and moderate-income persons in the assessment area;
- the reasonableness of business hours and services in meeting assessment area needs; and
- the extent to which an institution provides community development services.

The bank's performance under the service test is rated high satisfactory in the Johnstown MSA assessment area.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to the bank's census tracts and individuals of different income levels in the assessment area. The bank currently operates 11 branches in the Johnstown MSA assessment area. One branch is located in a low-income geography in downtown Johnstown and one in a moderate-income geography in the borough of Northern Cambria, in northern Cambria County. The bank operates ATMs at all of its branches as well as one stand-alone ATM in a middle-income geography in Johnstown. The following table details the locations of the bank's branches and ATMs in the Johnstown MSA assessment area.

Geography	% of population	Number of Branches	%	Number of ATMS	%
Low-income	2	1	9	1	8
Moderate-income	12	1	9	1	8
Middle-income	72	8	73	9	75
Upper-income	14	1	9	1	8
Totals	100	11	100%	12	100%

Alternative Retail Banking Services and Alternative Methods of Delivering Retail Banking Services

To supplement traditional banking services, AmeriServ provides telephone and Internet banking to its customers. The bank's web address is www.AmeriServfinancial.com. These services allow customers to verify account balances, transfer funds between accounts, and make loan payments. The website also allows customers to pay bills electronically, as well as offering businesses the opportunity to remotely deposit checks in their accounts.

Changes in Branch Locations

During the evaluation period, the bank closed three branches in the Johnstown MSA assessment area. One branch was in a middle-income census tract in St. Michael, PA. These customers are now served through Johnstown branches located only five miles away. The other branches (in middle-income census tracts in Nanty Glo and Johnstown, PA) were located within a mile of existing branches and are easily accessible to those customers. None of these closings have adversely affected the accessibility of the bank's delivery systems.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services, including business hours, do not vary among branch offices in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals.

Community Development Services

AmeriServ is a leader in providing community development services in its assessment area. The most notable include those described on the next page.

- The bank president serves on the board of a local economic development organization, and devoted additional time in 2007 chairing their capital campaign. This organization's mission is to provide Cambria and Somerset County businesses with the tools they need to thrive and grow in the area.
- A bank officer served as president of the CCDC, a certified community housing development organization supporting both affordable housing and business development in Cambria County.
- AmeriServ has a dedicated CRA lender who provides first-time and low- and moderate-income homebuyers with assistance and training and acts as a liaison between those borrowers and the programs designed to help them obtain housing.
- The bank participates in CCDC's Homebuyer Down Payment Assistance Program, and assisted six homebuyers in obtaining funds for closing costs.
- The bank also sponsored many homeownership and counseling workshops providing borrowers with information about all aspects of the mortgage process.
- AmeriServ is a member of the Federal Home Loan Bank of Pittsburgh (FHLBP) and a participant in both the Affordable Housing Program (AHP) and the First Front Door Program. AHP is a program through which local community development organizations apply for funding for affordable housing. These applications must be sponsored and administered by a member bank, requiring a high level of commitment to the project from the financial institution. AmeriServ sponsors two projects under this program totaling \$144 thousand.
- The First Front Door program is designed to provide low- and moderate-income homebuyers with down payment and closing cost assistance. The program requires the participating bank to provide a tangible, measurable financial contribution (AmeriServ provides mortgage funding at a reduced interest rate and waives fees) and pre-ownership counseling. The buyers are then eligible to receive three dollars for every one dollar paid towards closing. This loan is forgiven after five years of homeownership. Three homebuyers in the Johnstown MSA assessment area received a total of over \$10 thousand in matching funds through this program.

Banking Products

AmeriServ offers banking products that provide greater access to banking services for low- and moderate-income customers and small businesses.

- The Bank's Free Checking account has no minimum balance and charges no monthly fee for unlimited transactions. This account provides access to banking services for low- and moderate-income individuals.
- The bank offers an Electronic Transfer Account (ETA), a low-cost deposit account designed by the US Department of the Treasury to accept any Federal payments electronically. Qualifying payments include social security, supplemental security, veteran's benefits, railroad retirement, or military retirement.

- AmeriServ's Ultra-Flex Business Checking account is designed for small businesses that have limited account activity. The account requires no minimum balance and charges a low monthly fee of \$8.00.

SOMERSET, PA MICROPOLITAN STATISTICAL AREA

DESCRIPTION OF ASSESSMENT AREA

The Somerset County, PA assessment area consists of the Somerset Micropolitan Statistical Area, a non-metropolitan area, located south of Cambria County in south central Pennsylvania. This assessment area contains 20 census tracts, five of which are designated as moderate-income and 15 as middle-income. There are no low- or upper-income census tracts in the county. The moderate-income census tracts are located in the towns of Myersdale, Somerset, Central City, Windber, and one is located in the rural northwestern portion of the county. Almost 20% of the assessment area population resides within the moderate-income tracts.

AmeriServ's performance was evaluated in terms of the demographic and business context in which it operates. According to the FDIC's Summary of Deposits as of June 30, 2006⁵, eight depository institutions operate in the Somerset County, maintaining a total of 35 branches holding \$1.09 billion in deposits. AmeriServ operates three of these branches, holding \$82.5 million in deposits, or 11% of the bank's total deposits. The bank ranked fifth in the county, controlling 7.5% of the retail deposit market.

AmeriServ's HMDA loans were compared to the aggregate of all lenders reporting real estate loans under HMDA. These data are reported annually. According to the 2006 data, the most recent year for which information is available, Somerset County has a total of 219 HMDA reporters. AmeriServ ranked eighth in the county with 2.4% of all originations and purchases. The top five institutions in the county include First National Bank of PA with 14.6%, Somerset Trust Co with 10%, Countrywide Home Loans with 7.6%, Wells Fargo Bank NA with 7.5%, and First Commonwealth Bank with 5.7%.

AmeriServ ranked 20th (out of a total of 38 reporters) of small business lenders operating in Somerset County with only 0.03% of the small business and small farm loans originated and purchased. Somerset Trust Company, First National Bank of PA, and PNC Bank NA were the only local or regional lenders in the top ten, with 10.7%, 7.9%, and 6.6% of the market, respectively. National lenders such as American Express Bank FSB, Chase Bank USA NA, and GE Capital Financial hold over 57% of the market.

ECONOMIC CHARACTERISTICS

Somerset County is located immediately south of Cambria County, with rural Maryland on its southern border and the Pittsburgh MSA to its west. Seventy-five percent of the county's land area is rural, and the population of 80,000 is thinly distributed throughout the county.

⁵ June 30, 2006 is the most recent date for which FDIC deposit data is available.

The largest municipality is the county seat of Somerset, with just over 6700 people as of the 2000 census. The local economy traditionally relied on coal mining and agriculture as economic mainstays, but the largest economic sectors currently include tourism and recreation and healthcare.

Major employers in Somerset County include Pennsylvania government, Seven Springs Farm (an all-seasons mountain resort), Somerset Community Hospital, Fleetwood Folding Trailers, and CVS PA Distribution. Major banking competitors include Somerset Trust Company, First National Bank of PA, First Commonwealth Bank, and PNC Bank NA. The following table details unemployment rates in the past year.

Locations	July 2007	July 2006
Somerset County	5.3%	5.5%
Pennsylvania	4.5%	5.0%
United States	4.9%	5.0%

Community contacts with local economic development entities mentioned the need for home improvement loans to preserve the older housing base, and additional credit opportunities to attract and retain small businesses.

HOUSING

Somerset County contains 37,163 housing units, 66% of which are owner-occupied and 18% rental units. In the moderate-income census tracts, 62% of housing units are owner-occupied, while rental units account for 30% of housing. In the middle-income census tracts, 66% of housing units are owner-occupied, while rental units account for 16% of all housing. The overall owner-occupancy rate for the Commonwealth of Pennsylvania is 65%.

The percentage of owner-occupied housing units contained within designated census tracts was used as a proxy to estimate demand for residential mortgage lending within such census tracts. The analysis of owner-occupied housing units, compared to the total number of available housing units for each geographic designation, shows that 19% of all owner-occupied units are located in the assessment area's moderate-income census tracts. The large majority of owner-occupied units (81%) are located in the middle-income census tracts.

Single-family homes comprise 75% of all housing units in Somerset County, while two-to-four-family units comprise 7%, multi-family units 5%, and mobile homes 13%. The median age of the housing stock is 45 years, which is comparable to the median age in the Commonwealth of 43 years. Median rent in the assessment area is \$366, with 28% of renters paying more than 30% of their income for housing.

According to 2000 Census data, the median housing value in the assessment area is \$66,942. The median housing value in the middle-income tracts (\$71,167) is higher than in the moderate-income census tracts (\$55,236). Of the total owner-occupied housing units, 43% are valued at less than \$60 thousand, indicating that housing in this assessment area is more affordable than in Pennsylvania as a whole, where 24% of housing units are valued at less than \$60 thousand.

BORROWER INCOME DATA

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. The 2000 Census data show that the median family income for the assessment area was \$36,841, compared to \$49,184 for the Commonwealth. In 2007, the adjusted median family income for Somerset County, as reported by HUD, increased to \$44,700.

The 2000 Census data show that 20% of families in the assessment area are designated as low-income and 23% are moderate-income. Families living below the poverty level represent 9% of the total families in the assessment area, which is slightly above that in Pennsylvania as a whole.

GEOGRAPHIC BUSINESS DATA

The percentage of small businesses and small farms located within designated census tracts was used as a proxy to estimate demand for small business credit within such census tracts. According to Dun and Bradstreet, 2,399 small businesses operate in the Somerset County assessment area. Twenty-four percent of the small businesses are located in the moderate-income tracts, and 76% in the middle-income tracts.

The demographics used to assess the performance context in which AmeriServ operates are detailed in the table on the following page.

<p>AmeriServ Financial Bank Assessment Area Demographics Somerset, PA Non MSA</p>
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Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	4,498	20.3
Moderate-income	5	25.0	4,279	19.3	500	11.7	5,072	22.9
Middle-income	15	75.0	17,863	80.7	1,518	8.5	5,753	26.0
Upper-income	0	0.0	0	0.0	0	0.0	6,819	30.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	20	100.0	22,142	100.0	2,018	9.1	22,142	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	7,349	4,547	18.7	61.9	2,217	30.2	585	8.0
Middle-income	29,814	19,821	81.3	66.5	4,637	15.6	5,356	18.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	37,163	24,368	100.0	65.6	6,854	18.4	5,941	16.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	663	24.0	586	24.4	61	23.3	16	16.7
Middle-income	2,094	76.0	1,813	75.6	201	76.7	80	83.3
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	2,757	100.0	2,399	100.0	262	100.0	96	100.0
	Percentage of Total Businesses:			87.0		9.5		3.5

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The lending test evaluates an institution's lending activities based on the following characteristics:

- geographic distribution of loans, particularly loans originated in low- and moderate-income geographies;
- borrowers' profile, particularly distribution of loans to low- and moderate-income borrowers and small businesses;
- overall responsiveness to credit needs of highly economically disadvantaged geographies, low-income persons, and very small businesses; and
- community development lending activities.

Performance under the lending test in the Somerset County assessment area is rated as high satisfactory.

Geographic Distribution of Lending

The geographic distribution of loans in the bank's Somerset assessment area was analyzed to determine the dispersion of loans among different census tracts. The analysis revealed good penetration throughout the assessment area, including the moderate-income census tracts⁶.

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts was used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in these census tracts. In the Somerset County assessment area, 19% of all owner-occupied units are located in moderate-income census tracts, and AmeriServ originated 33% of home mortgage loans in moderate-income census tracts. This reflects excellent geographic penetration.

Geographic Distribution in Relation to Market Performance

AmeriServ's home mortgage lending was compared to all lenders operating in the Somerset County assessment area.⁷ While 19% of all owner-occupied housing units are located in moderate-income census tracts, 17% of all home mortgage loans originated in the assessment area were made in moderate-income census tracts. AmeriServ, by comparison, originated 33% of home mortgage loans in moderate-income census tracts, outperforming the market by a significant margin in these tracts.

Small Business Lending

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the bank's Somerset County assessment area. The bank's penetration throughout the assessment area was adequate, including lending in moderate-income census tracts.

AmeriServ originated 27 small business loans in the Somerset County assessment area, aggregating \$2.5 million. A comparison of the number of small business loans originated in each type of census tract to the number of small businesses located in those tracts demonstrates the bank's commitment to making credit available to its entire community.

Business demographics revealed 2,399 small businesses within the assessment area. AmeriServ's extension of credit to these businesses shows that moderate-income census tracts received 7% of small business loans, while 24% of small businesses are located in these census tracts. Middle-income census tracts, where 76% of small businesses are located, received 93% of AmeriServ's small business loans.

Geographic Distribution in Relation to Market Performance

AmeriServ's small business lending was compared to all lenders operating in the Somerset County assessment area in 2006. Aggregate data showed that 19% of small business loans were originated in the moderate-income census tracts, while 24% of small businesses are located in these tracts.

⁶ The information used to evaluate AmeriServ's lending activity in each of its assessment areas is detailed in the **CRA LOAN DISTRIBUTION TABLES** contained in Appendix B. The tables show home mortgage and small business loans the bank originated.

⁷ 2006 is the most recent year for which aggregate HMDA loan data is available.

AmeriServ's lending in these tracts was well below the aggregate; only 7% of its small business loans were originated in these tracts.

Distribution of Loans by Borrower Income Level and Revenue Size of Business

HMDA and small business lending data were analyzed in conjunction with a review of the demographic and economic characteristics of the Somerset County assessment area to measure the extent of lending to borrowers of different income levels and businesses of different sizes.

Lending to Borrowers of Different Income Levels

An analysis of AmeriServ's distribution of home mortgage loans to low- and moderate-income borrowers shows that 10% of the bank's HMDA loans were to low-income borrowers, while 20% of families in the assessment area are designated as low-income. Seventeen percent of the bank's HMDA loans were to moderate-income borrowers, while 23% of families are designated as moderate-income.

The bank's overall distribution of loans among retail customers of different income levels reflects good penetration especially given the obstacles in lending to low- and moderate-income borrowers.

AmeriServ offers loans through lending programs offered by the PHFA targeting low-and moderate-income borrowers and those purchasing or constructing housing in specific areas. Borrowers must be first-time homebuyers or homebuyers in targeted areas with incomes less than 100% of the area median purchasing a home priced below an amount set by PHFA. Income guidelines set by the PHFA ensure that loans are originated to low-and moderate-income borrowers. AmeriServ originated over \$1.3 million of these loans in the Somerset County assessment area.

Borrower Distribution in Relation to Market Performance

AmeriServ's home mortgage lending was compared to all lenders operating in the Somerset County assessment area. The analysis revealed that while 20% of all families in the assessment area are considered low-income, 10% of all home mortgage loans made in the assessment area were made to low-income borrowers. By comparison, AmeriServ originated 10% of its home mortgage loans to low-income borrowers, exactly the same as the aggregate.

In addition, while 23% of families are considered moderate-income, 22% of all home mortgage loans made in the assessment area were made to moderate-income borrowers. By comparison, AmeriServ originated 17% of its home mortgage loans to moderate-income borrowers. Overall, AmeriServ's performance was comparable to other lenders in the market with both low- and moderate-income borrowers.

Lending to Businesses of Different Sizes

Small business lending data were analyzed to determine the extent of lending to businesses of different sizes, especially small businesses. A small business or farm is defined as a business with gross annual revenues of \$1 million or less. AmeriServ's distribution of loans reflects excellent penetration among business customers of different sizes.

According to business data provided by Dun and Bradstreet, approximately 87% of businesses in the Somerset County assessment area reported revenues of less than \$1 million. AmeriServ originated 27 small business loans aggregating \$2.5 million in 2005 and 2006. Of these loans, 21, or 78% of the small business loans, were originated to businesses with gross annual revenues of \$1 million or less.

By comparison, a review of all lenders in the market shows that 46% of all small business loans made in the assessment area were to businesses with gross annual revenues of \$1 million or less. AmeriServ's performance in loans to small businesses with gross annual revenues of \$1 million or less well exceeded that of the aggregate lenders in the assessment area. Furthermore, of the 27 small business loans the bank originated during 2005 and 2006, 18 or 85%, were extended in an amount of \$100 thousand or less.

Since small loans are generally commensurate with the borrowing needs of smaller businesses, AmeriServ's lending activity demonstrates excellent responsiveness to the credit needs of smaller businesses.

Community Development Lending

AmeriServ was a leader in making community development loans overall, however none of the loans originated in this evaluation period were made in the Somerset County assessment area. The lack of community development lending in this assessment area was the result of a decreased bank presence in the county during the evaluation period.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts or individuals as well as the innovativeness and complexity of such investments. Qualified investments made before the previous evaluation, which are still outstanding, are also considered under the test. For purposes of CRA, the term "qualified investment" includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

AmeriServ's performance under the investment test in the Somerset County assessment area is rated low satisfactory.

Volume of Investment and Grant Activity

The review of investment activity revealed that AmeriServ has an adequate level of qualified community development investments and grants in the Somerset assessment area. During the previous evaluation period, AmeriServ invested a total of \$100 thousand in equity investments supporting economic development in the Somerset County assessment area.

The bank’s investment supports the Progress Fund, a non-profit community development financial institution in Hollidaysburg, PA. The fund provides loans and technical assistance to small businesses serving tourists and visitors in rural areas of southwestern Pennsylvania, eastern Ohio, and West Virginia. Their service area includes Cambria, Somerset, and Westmoreland counties in the bank’s assessment areas.

In addition to this investment, the bank made grants and contributions totaling \$2 thousand to a local organization committed to economic development in Somerset County.

Responsiveness to Credit and Community Development Needs

AmeriServ exhibits good responsiveness to credit and community development needs in its assessment area. Investments specifically address the assessment area’s need for job creation and retention.

SERVICE TEST

The service test evaluates the financial services provided by a financial institution using the following criteria:

- the accessibility of delivery mechanisms within an assessment area, including the distribution of an institution’s branch offices, and alternative delivery mechanisms;
- the impact of changes in branch locations upon low- and moderate-income census tracts and/or low- and moderate-income persons in the assessment area;
- the reasonableness of business hours and services in meeting assessment area needs; and
- the extent to which an institution provides community development services.

The bank’s performance under the service test in the Somerset County assessment area is rated high satisfactory.

Accessibility of Delivery Systems

The bank’s delivery systems are readily accessible to the bank’s census tracts and individuals of different income levels in the assessment area. The bank currently operates three branches in the Somerset County assessment area. Two of the branches are located in moderate-income census tracts in Central City and Windber, PA, and the remaining branch is in a middle-income tract in the town of Somerset, PA. The following table details the locations of the bank’s branches in the Somerset County assessment area.

Geography	% of Population	# of Branches	%	# of ATMs	%
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Low-income	NA	NA	NA	NA	NA
Moderate-income	19	2	67	2	67
Middle-income	81	1	33	1	33
Upper-income	NA	NA	NA	NA	NA
Totals	100	3	100%	3	100%

Alternative Retail Banking Services and Alternative Methods of Delivering Retail Banking Services

To supplement traditional banking services, AmeriServ provides telephone and Internet banking to its customers. The bank's web address is www.amerisrvfinancial.com. These services allow customers to verify account balances, transfer funds between accounts, and make loan payments. The website also allows customers to pay bills electronically, as well as offering businesses the opportunity to remotely deposit checks in their accounts.

Changes in Branch Locations

The bank did not open or close any branches in the Somerset County assessment area during the evaluation period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

The bank's services, including its business hours, do not vary among branch offices in a way that inconveniences its assessment area, particularly low- and moderate-income census tracts or individuals.

Community Development Services

AmeriServ provides a relatively high level of community development services in this assessment area.

- The bank president serves on the board of a local economic development organization, and devoted additional time in 2007 chairing their capital campaign. This organization's mission is to provide Cambria and Somerset County businesses with the tools they need to thrive and grow in the area.
- AmeriServ has a dedicated CRA lender who provides first-time and low- and moderate-income homebuyers with needed assistance and training and acts as a liaison between those borrowers and the programs designed to help them obtain housing.
- One of the bank's lenders works at the local Habitat for Humanity reviewing loan applications for affordable housing.

Banking Products

AmeriServ offers banking products that provide greater access to banking services for low- and moderate-income customers and small businesses.

- The Bank's Free Checking account has no minimum balance and charges no monthly fees for unlimited transactions. This account provides access to banking services for low- and moderate-income individuals.
- The bank offers an Electronic Transfer Account (ETA), a low-cost deposit account designed by the US Department of the Treasury to accept any Federal payments electronically. Qualifying payments include social security, supplemental security, veteran's benefits, railroad retirement, or military retirement.
- AmeriServ's Ultra-Flex Business Checking account is designed for small businesses that have limited account activity. The account requires no minimum balance and charges a low monthly fee of \$8.00.

PITTSBURGH, PA METROPOLITAN STATISTICAL AREA

DESCRIPTION OF ASSESSMENT AREA

AmeriServ's Pittsburgh MSA assessment area consists of Allegheny and Westmoreland counties, two of the seven counties comprising the Pittsburgh MSA. The two-county assessment area consists of 511 census tracts, 34 of which are designated as low-income; 110 as moderate-income; 242 as middle-income; and 124 as upper-income. The city of Pittsburgh, in Allegheny County, contains 24 of the low-income tracts in the assessment area. The remaining low-income tracts are located on the outskirts of Pittsburgh, many along the Ohio and Allegheny rivers in the towns of Duquesne, McKeesport, Wilkesburg, Trafford, Braddock, and Rankin. One low-income tract is located in the city of Arnold along the Allegheny River in the northwestern portion of Westmoreland County. The assessment area has 110 moderate-income tracts, 49 of them located in Pittsburgh. Forty of the remaining moderate-income tracts are located in towns along the Ohio and Allegheny Rivers leading out of the city. Eighteen of the moderate-income tracts are located in Westmoreland County; several are clustered along the Allegheny River in the towns of Arnold and New Kensington; some are in towns in the eastern portion of the county in Greensburg and the surrounding area; and two are located in the rural areas in the southern part of the county. About four percent of the assessment area's population reside in the low-income census tracts, and 22% in moderate-income tracts.

AmeriServ's performance in the Pittsburgh MSA assessment area was evaluated in the demographic and business context in which it operates. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits as of June 30, 2006⁸, 47 depository institutions operate in the Pittsburgh MSA assessment area (Allegheny and Westmoreland counties).

⁸ June 30, 2006 is the most recent date for which FDIC deposit data is available.

These institutions maintained a total of 601 branches, holding \$50 billion in deposits. During the evaluation period, AmeriServ operated three of these branches with \$73.7 million in deposits, or 10% of the bank's total deposits. The bank controlled just 0.15% of total retail deposits, ranking 30th in the assessment area. Major depository institutions in the area include PNC Bank NA with 35% of market share, National City Bank of PA with 16%, Mellon Bank NA with 13%, and Citizens Bank of PA with 11%.

AmeriServ's HMDA loans were compared to the aggregate of all lenders in the assessment area reporting real estate loans pursuant to HMDA. These data are reported annually, and the most recent year for which information is available is 2006, when a total of 529 institutions reported HMDA loans in the Pittsburgh MSA assessment area. AmeriServ was not a major lender in the assessment area, making only 118 of the total number for 0.15%. Top ten HMDA reporters in the assessment area include national lenders Countrywide Home Loans with 8.5% of market share, Wells Fargo with 4.5%, , and CitiMortgage with 3.2%. Local and regional lenders in the top ten include National City Bank with 6.4%, PNC NA with 3.7%, and Citizens with 3.7%.

A total of 94 lenders reported small business loans in the Pittsburgh MSA assessment area in 2006. AmeriServ ranked 31 with just 35 loans. Since business credit cards are included in CRA Small Business reporting, national lenders American Express Bank FSB, Citibank SD NA, Chase Bank USA NA, and Capital One FSB captured over 50% of the market; however, regional banks PNC NA, National City Bank, and Citizens Bank broke into the top ten with 10.6%, 4.6%, and 2.7%, respectively.

ECONOMIC CHARACTERISTICS

The Pittsburgh MSA assessment area consists of the eastern portion of the MSA, including the city of Pittsburgh, and the area's economy is driven by that of the city. Important sectors of the economy include health care, federal, state, and local governments, retail, and financial services. The economy is slowing down, adding jobs at a much slower pace than earlier in the year. Diminishing manufacturing and construction payrolls are putting a damper on growth. The steel industry continues to contract, as fewer workers are needed to produce enough to meet the demand. Another drag on the area's growth is the housing sector. The local housing market is oversupplied, which has led to a decrease in prices, and new construction of single-family homes is at its lowest level in a decade. A high rate of migration out of the area, especially to Washington, DC and Philadelphia, also precludes higher rates of growth.

On the positive side, the economic drivers of education, healthcare, and business and professional services are growing at a steady pace. The presence of top educational and research institutions has the potential to attract businesses requiring a highly trained workforce. The low cost of living relative to nearby metropolitan areas gives the Pittsburgh MSA an additional advantage over its competitors for these businesses. Another bright spot is that the Port of Pittsburgh is set to receive \$100 million in federal funding to update its antiquated infrastructure, and this work should help the port carry more of Pennsylvania's products globally.

The largest employer in the Pittsburgh MSA as a whole is the University of Pittsburgh Medical Center. Other important employers in Allegheny and Westmoreland counties include federal, state and county governments, the University of Pittsburgh, Giant Eagle supermarkets, and United Parcel Service. Walmart Mellon Bank and PNC Bank NA also rank as major employers in Allegheny County.

Area unemployment rates comparable to those in Pennsylvania and the US are reflected in the following table:

Locations	July 2007	July 2006
Allegheny County	4.3%	5.0%
Westmoreland County	4.7%	5.5%
Pittsburgh MSA	4.5%	5.2%
Pennsylvania	4.5%	5.0%
United States	4.9%	5.0%

Community contacts performed by this Reserve Bank and other federal regulators noted the following community credit needs: (1) credit counseling; (2) assistance for first-time homebuyers; (3) loans and technical assistance for small businesses; and (4) financial services and expertise for community groups and organizations.

HOUSING

According to the 2000 Census, the Pittsburgh MSA assessment area contains 744,704 housing units, of which 64% are owner-occupied and 28% are rental units. In low-income census tracts, 22% of housing units are owner-occupied, and in moderate-income tracts 48% of housing units are owner-occupied. The overall owner-occupancy rate for Pennsylvania is 65%.

The percentage of owner-occupied housing units contained within designated census tracts was used as a proxy to estimate demand for residential mortgage lending within such census tracts. An analysis of owner-occupied housing units, compared to the number of total available housing units for each geographic designation shows that less than 2% of all owner-occupied units are located in the assessment area's low-income census tracts and 14% are in moderate-income tracts. The large majority of owner-occupied units are located in middle- and upper-income income census tracts, at 53% and 31%, respectively.

Demographics reveal that single-family homes comprise 72% of all housing units in the Pittsburgh MSA assessment area, while two-to-four family units comprise 10%, multi-family units 15%, and mobile homes 2%. The median age of the housing stock is 47 years, higher than that in Pennsylvania at 43 years. Median rent in the assessment area is \$501, with 36% of renters paying more than 30% of their income for housing.

The median housing value in the Pittsburgh MSA assessment area according to the 2000 census was \$84,514. The median housing value in the area's upper-income tracts was \$128,653; in middle-income tracts \$78,337; in moderate-income tracts \$47,305; and \$36,014 in the low-income tracts.

However, since 70% of the low- and moderate-income families reside in middle- and upper-income tracts, it would be very difficult for these families to afford a home. Of the total owner-occupied housing units, 28% are valued at less than \$60 thousand, indicating that housing in this assessment area is somewhat less affordable than housing in Pennsylvania as a whole, where 24% of housing units are valued at less than \$60 thousand.

BORROWER INCOME DATA

For purposes of evaluating the distribution of loans to borrowers of different income levels, incomes were classified based upon annually adjusted median family income data made available by HUD. According to 2000 Census data, the median family income for the Pittsburgh MSA as a whole was \$47,195, compared to \$49,184 for the Commonwealth. In 2007, the adjusted median family income for the Pittsburgh MSA as a whole, as reported by HUD, increased to \$57,900.

According to 2000 Census data, 19% of families in the assessment area are designated as low-income and 18% are moderate-income. Families living below the poverty level represent 8% of total families in the assessment area, the same as in Pennsylvania as a whole.

GEOGRAPHIC BUSINESS DATA

The percentage of small businesses (those with annual revenues of \$1 million or less) located within designated census tracts was used as a proxy to estimate demand for small business credit within such census tracts. According to Dun and Bradstreet, the Pittsburgh MSA assessment area is home to 48,817 small businesses. Almost four percent of the small businesses are located in low-income census tracts and 15% in moderate-income tracts. The assessment area's middle-income tracts have 45% of these businesses, and upper-income tracts have 35%.

The demographics used to assess the performance context in which AmeriServ operates in the Pittsburgh MSA assessment area are detailed in the following table.

AmeriServ Financial Bank Assessment Area Demographics Pittsburgh, PA MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	34	6.7	13,444	3.1	5,592	41.6	81,836	18.6
Moderate-income	110	21.5	67,417	15.4	10,338	15.3	78,896	18.0
Middle-income	242	47.4	226,749	51.7	13,444	5.9	94,569	21.5
Upper-income	124	24.3	131,284	29.9	3,694	2.8	183,593	41.8
Unknown-income	1	0.2	0	0.0	0	0.0	0	0.0
Total Assessment Area	511	100.0	438,894	100.0	33,068	7.5	438,894	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	32,765	7,314	1.5	22.3	18,196	55.5	7,255	22.1
Moderate-income	139,778	66,818	14.0	47.8	54,561	39.0	18,399	13.2
Middle-income	372,500	255,121	53.5	68.5	94,322	25.3	23,057	6.2
Upper-income	199,631	147,615	31.0	73.9	42,990	21.5	9,026	4.5
Unknown-income	30	0	0.0	0.0	26	86.7	4	13.3
Total Assessment Area	744,704	476,868	100.0	64.0	210,095	28.2	57,741	7.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	2,138	3.8	1,735	3.6	361	5.3	42	3.1
Moderate-income	8,648	15.2	7,431	15.2	1,018	15.0	199	14.8
Middle-income	25,438	44.7	22,225	45.5	2,559	37.6	654	48.7
Upper-income	20,623	36.2	17,354	35.5	2,824	41.5	445	33.2
Unknown-income	121	0.2	72	0.1	47	0.7	2	0.1
Total Assessment Area	56,968	100.0	48,817	100.0	6,809	100.0	1,342	100.0
	Percentage of Total Businesses:			85.7		12.0		2.4

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The lending test evaluates an institution's lending activities based on the following characteristics:

- geographic distribution of loans, particularly loans originated in low- and moderate-income census tracts;
- borrowers' profile, particularly distribution of loans to low- and moderate-income borrowers and small businesses;
- overall responsiveness to credit needs of highly economically disadvantaged census tracts, low-income persons, and very small businesses; and
- community development lending activities.

The bank's performance under the lending test is rated high satisfactory in the Pittsburgh MSA assessment area.

Geographic Distribution of Lending

The geographic distribution of loans in the Pittsburgh MSA assessment area was analyzed to determine the dispersion of loans among different census tracts within the assessment area. The analysis revealed good penetration throughout the assessment area, including low- and moderate-income census tracts.⁹

Home Mortgage Lending

The percentage of owner-occupied housing units contained within designated census tracts was used as a proxy to estimate demand for residential mortgage lending within such census tracts. A lower level of owner-occupied units limits the bank's lending opportunities in these census tracts. Most of the area's owner-occupied units (over 85%) were located in the area's middle-and upper-income census tracts, with only 1% located in low-income tracts and 14% in moderate-income tracts. AmeriServ's distribution of HMDA loans indicates that 0.4% of loans were originated in low-income census tracts, reflecting good penetration given the demographics of these tracts, and 21% in moderate-income tracts, reflecting excellent penetration.

Geographic Distribution in Relation to Market Performance

AmeriServ's home mortgage lending was compared to all lenders operating in the Pittsburgh MSA assessment area in 2006.¹⁰ While 1% of all owner-occupied housing units are located in low-income census tracts, 1% of all home mortgage loans made in the assessment area were made in low-income census tracts. AmeriServ originated only 0.4% of its loans in the low-income tracts.

Moderate-income census tracts contained 14% of all owner-occupied housing units, and 12% of all home mortgage loans made in the assessment area were made in moderate-income census tracts. By comparison, AmeriServ performed much better than the aggregate in these tracts, where the bank originated 21% of its home mortgage loans.

Small Business Lending

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the bank's Pittsburgh MSA assessment area. The bank's penetration throughout the assessment area was adequate, including lending in low- and moderate-income census tracts.

⁹ The information used to evaluate Ameriserv's lending activity in each of its assessment areas is detailed in the **CRA LOAN DISTRIBUTION TABLES** contained in Appendix B. The tables show home mortgage and small business loans the bank originated.

¹⁰ 2006 is the most recent year for which aggregate HMDA loan data is available.

AmeriServ originated 53 small business loans in the Pittsburgh MSA assessment area, in an aggregate amount of \$15.6 million. A comparison of the number of small business loans originated in each type of census tract to the number of small businesses located in those census tracts demonstrates the bank's commitment to making credit available to its entire community. Business demographics revealed a total of 48,817 small businesses are located within the assessment area.

AmeriServ's extension of credit to these businesses shows that none of the bank's small business loans were originated in low-income census tracts, where 4% of assessment area small businesses are located. Moderate-income census tracts received 9% of small business loans, while 15% of small businesses are located in these census tracts. Middle-income census tracts received 23% of small business loans for their 45% of those businesses, and upper-income census tracts received 39% of small business loans for their 35% share of small businesses.

Geographic Distribution in Relation to Market Performance

AmeriServ's small business lending was compared to all lenders operating in the Pittsburgh MSA assessment area in 2006. Aggregate data showed that 3% of all small business loans were made in low-income census tracts and 4% of all small businesses are located in those tracts. In comparison, AmeriServ did not originate any small business loans in low-income census tracts. Furthermore, 12% of all small business loans were made in moderate-income census tracts and 15% of small businesses are located in moderate-income census tracts. AmeriServ originated 9% of its small business loans in moderate-income census tracts, demonstrating performance below the market in these tracts.

Distribution of Loans by Borrower Income Level and Revenue Size of Business

HMDA and small business lending data were analyzed in conjunction with a review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different income levels and to businesses of different sizes.

Lending to Borrowers of Different Income Levels

The analysis of AmeriServ's home mortgage loans to low- and moderate-income borrowers shows adequate distribution to low- and moderate-income borrowers, with 7% originated to low-income borrowers, while 19% of families in the assessment area are designated as low-income. The bank originated 14% of its HMDA loans to moderate-income borrowers, while 18% of families are designated as moderate-income. The bank's overall distribution of loans reflects adequate penetration among retail customers of different income levels, especially in light of the inherent obstacles in lending to low- and moderate-income borrowers.

AmeriServ offers loans through lending programs offered by the PHFA targeting low- and moderate-income borrowers and those purchasing or constructing housing in specific areas. Borrowers must be first-time homebuyers or homebuyers in targeted areas with incomes less than 100% of the area median purchasing a home priced below an amount set by PHFA.

Income guidelines set by the PHFA ensure that loans are originated to low- and moderate-income borrowers. AmeriServ originated over \$767 thousand in loans in the Pittsburgh MSA assessment area.

Borrower Distribution in Relation to Market Performance

AmeriServ's home mortgage lending was compared to all lenders operating in the Pittsburgh MSA assessment area in 2006. This analysis revealed that while 19% of all families in the assessment area are considered low-income, only 8% of all home mortgage loans made in the assessment area were made to low-income borrowers. By comparison, AmeriServ originated 7% of its home mortgage loans to low-income borrowers. In addition, while 18% of families are considered moderate-income, 19% of all home mortgage loans made in the assessment area were made to moderate-income borrowers. AmeriServ, in comparison, originated 14% of home mortgage loans to moderate-income borrowers.

Lending to Businesses and Farms of Different Sizes

Small business lending data were analyzed to determine the extent of lending to businesses of different sizes, especially small businesses. A small business is defined as a business with gross annual revenues of \$1 million or less. AmeriServ's distribution of loans reflects adequate penetration among business customers of different sizes.

According to business data provided by Dun and Bradstreet, approximately 86% of businesses in the Pittsburgh MSA assessment area reported revenues of less than \$1 million. AmeriServ originated 53 small business loans aggregating over \$15 million in 2005 and 2006. Of these loans, 32 or 60%, were originated to businesses with gross annual revenues of \$1 million or less. Furthermore, of the 53 small business loans the bank originated during 2005 and 2006, 13 or 25% were extended in an amount of \$100 thousand or less. Since small loans are generally commensurate with the borrowing needs of smaller businesses, AmeriServ's lending activity demonstrates that it is meeting the credit needs of smaller businesses.

Community Development Lending

AmeriServ was a leader in community development lending in the Pittsburgh MSA assessment area. The bank originated two loans to finance the construction and development of drugstores, one for \$1.7 million in a moderate-income census tract in McKeesport, a riverfront city west of Pittsburgh, and one for \$4.1 million in an area adjoining a moderate-income tract in the city of Greensburg, PA. In addition to revitalizing and stabilizing the areas in which they are built, these stores will provide access to prescriptions and other health care to local low-and moderate-income senior citizens.

INVESTMENT TEST

The investment test evaluates a financial institution's level of qualified investments that serve low- or moderate-income census tracts or individuals as well as the innovativeness and complexity of such investments. Qualified investments made before the previous evaluation, which are still outstanding, are considered under this test.

For purposes of CRA, the term "qualified investment" includes a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The bank's performance under the investment test is rated low satisfactory in the Pittsburgh MSA assessment area.

Volume of Investment and Grant Activity

Our review of investment activity revealed that AmeriServ has an adequate level of qualified community development investments and grants in the Pittsburgh MSA assessment area. During the previous evaluation period, AmeriServ invested a total of \$100 thousand in equity investments supporting economic development in the Johnstown MSA and Pittsburgh MSA assessment areas.

These dollars were invested in the Progress Fund, a non-profit community development financial institution in Hollidaysburg, PA. The fund provides loans and technical assistance to small businesses serving tourists and visitors in rural areas of southwestern Pennsylvania, eastern Ohio, and West Virginia. Their service area includes Cambria, Somerset, and Westmoreland counties in the bank's assessment areas.

Responsiveness to Credit and Community Development Needs

AmeriServ exhibits good responsiveness to credit and community development needs in its assessment area. Investments specifically address the assessment area's need for job creation and retention in the rural sections of the assessment area.

SERVICE TEST

The service test evaluates the financial services provided by a financial institution using the following criteria:

- the accessibility of delivery mechanisms within an assessment area, including the distribution of an institution's branch offices and alternative delivery mechanisms;
- the impact of changes in branch locations upon low- and moderate-income census tracts and/or low- and moderate-income persons in the assessment area;
- the reasonableness of business hours and services in meeting assessment area needs; and
- the extent to which an institution provides community development services.

The bank's performance under the service test is rated high satisfactory in the Pittsburgh MSA assessment area.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to the bank's census tracts and individuals of different income levels in the assessment area. The bank currently operates three branches in the Pittsburgh MSA assessment area. One branch is located in a upper-income census tract in downtown Pittsburgh, Allegheny County, and two branches are in moderate-income tracts in the towns of Derry and Seward in Westmoreland County. The following table details the locations of the bank's branches and ATMs in the Pittsburgh MSA assessment area.

Geography	% of Population	Number of Branches	%	Number of ATMS	%
Low-income	4	0	0	0	0
Moderate-income	17	2	67	2	67
Middle-income	50	0	0	0	0
Upper-income	29	1	33	1	33
TOTALS	100%	3	100%	3	100%

Alternative Retail Banking Services and Alternative Methods of Delivering Retail Banking Services

To supplement traditional banking services, AmeriServ provides telephone and Internet banking to its customers. The bank's web address is www.AmeriServfinancial.com. These services allow customers to verify account balances, transfer funds between accounts, and make loan payments. The website also allows customers to pay bills electronically, as well as offering businesses the opportunity to remotely deposit checks in their accounts.

Changes in Branch Locations

The bank did not open or close any branches in the Pittsburgh MSA assessment area during the evaluation period.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services, including business hours, do not vary among branch offices in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income census tracts or individuals.

Community Development Services

AmeriServ provides an adequate level of community development services in its assessment area. The most notable include the following:

- AmeriServ has a dedicated CRA lender who provides first-time and low- and moderate-income homebuyers with needed assistance and training and acts as a liaison between those borrowers and the programs designed to help them obtain housing.
- The bank also sponsored many homeownership and counseling workshops providing borrowers with information about all aspects of the mortgage process.

Banking Products

AmeriServ offers banking products that provide greater access to banking services for low- and moderate-income customers and small businesses.

- The Bank's Free Checking account has no minimum balance and charges no monthly fees for unlimited transactions. This account provides access to banking services for low- and moderate-income individuals.
- The bank offers an Electronic Transfer Account (ETA), a low-cost deposit account designed by the US Department of the Treasury to accept any Federal payments electronically. Qualifying payments include social security, supplemental security, veteran's benefits, railroad retirement, or military retirement.
- AmeriServ's Ultra-Flex Business Checking account is designed for small businesses that have limited account activity. The account requires no minimum balance and charges a low monthly fee of \$8.00.

LIMITED REVIEW ASSESSMENT AREA CONCLUSIONS

A limited review of the bank's CRA performance in the State College MSA assessment area was conducted. The bank's performance in this assessment area was consistent with its performance in the Johnstown MSA, Pittsburgh MSA, and Somerset County assessment areas. For purposes of assessing performance, greater weight was given to the bank's performance in the Johnstown MSA, Pittsburgh MSA, and Somerset County assessment areas.

The facts and data reviewed, including performance and demographic information, are in the tables accompanying this report. Conclusions regarding performance, which did not impact the overall institution rating, are as follows:

ASSESSMENT AREA	LENDING TEST	INVESTMENT TEST	SERVICE TEST
State College MSA	Consistent	Consistent	Consistent

STATE COLLEGE METROPOLITAN STATISTICAL AREA

AmeriServ's assessment area includes the entire State College MSA. This assessment area consists of 29 census tracts, two of which are designated as low-income; six as moderate-income; 10 as middle-income; and 10 as upper-income. There is also a tract with unknown income classification; this tract is located in downtown State College and comprises the campus of the Pennsylvania State University. The two low-income tracts (which consist mainly of student housing) and two of the moderate-income tracts are located in the borough of State College. Three of the remaining moderate-income census tracts are located in rural areas at the eastern, northeastern and southern edges of the county. The fourth is located in the town of Phillipsburg. About 25% of the assessment area's population resides within these low- and moderate-income census tracts.

AmeriServ's performance in the State College assessment area was evaluated in the demographic and business context in which it operates. According to the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits as of June 30, 2006¹¹, 15 depository institutions operate in Centre County. These institutions maintained a total of 68 branches, holding \$1.9 billion in deposits. During the evaluation period, AmeriServ operated two of these branches with \$15 million in deposits, or 2% of the bank's total deposits. The bank ranked thirteenth in Centre County, controlling less than 1% of total retail deposits.

The area has a fairly competitive financial marketplace, in which several super-regional banks compete with numerous community banks, savings banks and mortgage companies. AmeriServ's primary banking competitors include Citizens Bank of PA, Omega Bank, National Penn Bank, and PNC Bank NA. The largest employer in the State College MSA is Pennsylvania State University, with 11,586 full-time and 11,722 part-time employees at the University Park campus (located in downtown State College) as of fall 2006 according to the University Budget Office. Other major employers in the area include State College Area School District, Pennsylvania government, and Mount Nittany Medical Center

¹¹ June 30, 2006 is the most recent date for which FDIC deposit data is available.

In the State College MSA assessment area, AmeriServ reported 155 HMDA loans and 16 small business loans during the evaluation period. Overall, AmeriServ originated 11% of its reportable loans in the State College MSA assessment area during the evaluation period. Aggregate statistics for 2006 reveal that the bank originated 77 HMDA-reportable loans out of a total of 5,856 reported in the MSA for a ranking of 21st. AmeriServ ranked 26th in small business loans reported in 2006, with 13 loans and a market share of less than 0.5%.

CRA APPENDICES

CRA APPENDIX A: GLOSSARY

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 metropolitan area/assessment area.

Block numbering area (“BNA”): A statistical subdivision of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

Census tract: 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 statistical 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 census tracts.

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 (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. 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 data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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 (for example, 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 metropolitan area/assessment area.

Metropolitan area (“MA”): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”) or consolidated metropolitan statistical area (“CMSA”) as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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 non-farm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

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

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.

CRA APPENDIX B: CRA LOAN DISTRIBUTION TABLES

JOHNSTOWN, PA MSA 2005 and 2006

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	4	1.7%	150	0.8%	49	20.7%	1,510	8.5%
Moderate	32	13.5%	864	4.8%	62	26.2%	2,914	16.3%
Middle	162	68.4%	12,758	71.4%	48	20.3%	3,245	18.2%
Upper	39	16.5%	4,093	22.9%	72	30.4%	9,488	53.1%
Unknown	0	0.0%	0	0.0%	6	2.5%	708	4.0%
Total	237	100.0%	17,865	100.0%	237	100.0%	17,865	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	21	6.6%	631	4.2%
Moderate	35	11.0%	1,061	7.1%	42	13.2%	1,470	9.8%
Middle	228	71.5%	10,697	71.2%	76	23.8%	3,187	21.2%
Upper	56	17.6%	3,274	21.8%	137	42.9%	7,782	51.8%
Unknown	0	0.0%	0	0.0%	43	13.5%	1,962	13.1%
Total	319	100.0%	15,032	100.0%	319	100.0%	15,032	100.0%
	Home Improvement							
Low	2	0.7%	6	0.1%	33	11.7%	450	6.7%
Moderate	16	5.7%	197	2.9%	52	18.4%	691	10.2%
Middle	224	79.4%	5,121	75.7%	72	25.5%	1,384	20.5%
Upper	40	14.2%	1,441	21.3%	110	39.0%	3,920	57.9%
Unknown	0	0.0%	0	0.0%	15	5.3%	320	4.7%
Total	282	100.0%	6,765	100.0%	282	100.0%	6,765	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	6	0.7%	156	0.4%	103	12.3%	2,591	6.5%
Moderate	83	9.9%	2,122	5.4%	156	18.6%	5,075	12.8%
Middle	614	73.3%	28,576	72.0%	196	23.4%	7,816	19.7%
Upper	135	16.1%	8,808	22.2%	319	38.1%	21,190	53.4%
Unknown	0	0.0%	0	0.0%	64	7.6%	2,990	7.5%
Total	838	100.0%	39,662	100.0%	838	100.0%	39,662	100.0%

JOHNSTOWN, PA MSA 2005 and 2006

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
By Tract Income								
Low	12	9.8%	1,844	11.3%	0	0.0%	0	0.0%
Moderate	9	7.3%	2,154	13.2%	0	0.0%	0	0.0%
Middle	84	68.3%	9,257	56.8%	0	0.0%	0	0.0%
Upper	18	14.6%	3,038	18.6%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	123	100.0%	16,293	100.0%	0	0.0%	0	0.0%
By Revenue								
Total \$1 Million or Less	89	72.4%	9,215	56.6%	0	0.0%	0	0.0%
Over \$1 Million	28	22.8%	5,845	35.9%	0	0.0%	0	0.0%
Not Known	6	4.9%	1,233	7.6%	0	0.0%	0	0.0%
Total	123	100.0%	16,293	100.0%	0	0.0%	0	0.0%
By Loan Size								
\$100,000 or less	90	73.2%	3,576	21.9%	0	0.0%	0	0.0%
\$100,001 - \$250,000	17	13.8%	2,849	17.5%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	16	13.0%	9,868	60.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	123	100.0%	16,293	100.0%	0	0.0%	0	0.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	70	78.7%	2,709	29.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	12	13.5%	2,064	22.4%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	7	7.9%	4,442	48.2%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	89	100.0%	9,215	100.0%	0	0.0%	0	0.0%

SOMERSET COUNTY, PA MSA 2005 AND 2006

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	5	7.5%	291	4.1%
Moderate	17	25.4%	1,149	16.3%	12	17.9%	879	12.5%
Middle	50	74.6%	5,896	83.7%	20	29.9%	1,996	28.3%
Upper	0	0.0%	0	0.0%	30	44.8%	3,879	55.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	67	100.0%	7,045	100.0%	67	100.0%	7,045	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	5	6.7%	212	4.7%
Moderate	25	33.3%	980	21.8%	13	17.3%	493	10.9%
Middle	50	66.7%	3,523	78.2%	22	29.3%	1,006	22.3%
Upper	0	0.0%	0	0.0%	32	42.7%	2,659	59.0%
Unknown	0	0.0%	0	0.0%	3	4.0%	133	3.0%
Total	75	100.0%	4,503	100.0%	75	100.0%	4,503	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	9	21.4%	108	12.4%
Moderate	18	42.9%	300	34.3%	7	16.7%	75	8.6%
Middle	24	57.1%	574	65.7%	11	26.2%	209	23.9%
Upper	0	0.0%	0	0.0%	15	35.7%	482	55.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	42	100.0%	874	100.0%	42	100.0%	874	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	19	10.3%	611	4.9%
Moderate	60	32.6%	2,429	19.6%	32	17.4%	1,447	11.6%
Middle	124	67.4%	9,993	80.4%	53	28.8%	3,211	25.8%
Upper	0	0.0%	0	0.0%	77	41.8%	7,020	56.5%
Unknown	0	0.0%	0	0.0%	3	1.6%	133	1.1%
Total	184	100.0%	12,422	100.0%	184	100.0%	12,422	100.0%

SOMERSET COUNTY, PA MSA 2005 AND 2006

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
By Tract Income								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	7.4%	177	7.2%	0	0.0%	0	0.0%
Middle	25	92.6%	2,288	92.8%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	27	100.0%	2,465	100.0%	0	0.0%	0	0.0%
By Revenue								
Total \$1 Million or Less	21	77.8%	1,804	73.2%	0	0.0%	0	0.0%
Over \$1 Million	6	22.2%	661	26.8%	0	0.0%	0	0.0%
Total	27	100.0%	2,465	100.0%	0	0.0%	0	0.0%
By Loan Size								
\$100,000 or less	23	85.2%	1,030	41.8%	0	0.0%	0	0.0%
\$100,001 - \$250,000	2	7.4%	285	11.6%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	2	7.4%	1,150	46.7%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	27	100.0%	2,465	100.0%	0	0.0%	0	0.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	18	85.7%	819	45.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	2	9.5%	285	15.8%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	1	4.8%	700	38.8%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	21	100.0%	1,804	100.0%	0	0.0%	0	0.0%

PITTSBURGH, PA MSA 2005 AND 2006

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	1	0.6%	2,208	8.4%	6	3.9%	523	2.0%
Moderate	22	14.3%	1,691	6.4%	15	9.7%	1,323	5.0%
Middle	82	53.2%	12,377	47.0%	43	27.9%	4,615	17.5%
Upper	49	31.8%	10,049	38.2%	85	55.2%	15,373	58.4%
Unknown	0	0.0%	0	0.0%	5	3.2%	4,491	17.1%
Total	154	100.0%	26,325	100.0%	154	100.0%	26,325	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	8	14.8%	288	6.3%
Moderate	18	33.3%	894	19.6%	14	25.9%	538	11.8%
Middle	28	51.9%	2,637	57.8%	6	11.1%	533	11.7%
Upper	8	14.8%	1,028	22.5%	25	46.3%	2,995	65.7%
Unknown	0	0.0%	0	0.0%	1	1.9%	205	4.5%
Total	54	100.0%	4,559	100.0%	54	100.0%	4,559	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	3	14.3%	36	4.0%
Moderate	7	33.3%	176	19.7%	4	19.0%	124	13.9%
Middle	11	52.4%	327	36.5%	4	19.0%	153	17.1%
Upper	3	14.3%	392	43.8%	9	42.9%	571	63.8%
Unknown	0	0.0%	0	0.0%	1	4.8%	11	1.2%
Total	21	100.0%	895	100.0%	21	100.0%	895	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	1	0.4%	2,208	6.9%	17	7.4%	847	2.7%
Moderate	47	20.5%	2,761	8.7%	33	14.4%	1,985	6.2%
Middle	121	52.8%	15,341	48.3%	53	23.1%	5,301	16.7%
Upper	60	26.2%	11,469	36.1%	119	52.0%	18,939	59.6%
Unknown	0	0.0%	0	0.0%	7	3.1%	4,707	14.8%
Total	229	100.0%	31,779	100.0%	229	100.0%	31,779	100.0%

PITTSBURGH, PA MSA 2005 AND 2006

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
By Tract Income								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	5	9.4%	1,660	10.6%	0	0.0%	0	0.0%
Middle	27	50.9%	8,184	52.4%	0	0.0%	0	0.0%
Upper	21	39.6%	5,780	37.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	53	100.0%	15,624	100.0%	0	0.0%	0	0.0%
By Revenue								
Total \$1 Million or Less	32	60.4%	7,764	49.7%	0	0.0%	0	0.0%
Over \$1 Million	21	39.6%	7,860	50.3%	0	0.0%	0	0.0%
Total	53	100.0%	15,624	100.0%	0	0.0%	0	0.0%
By Loan Size								
\$100,000 or less	13	24.5%	485	3.1%	0	0.0%	0	0.0%
\$100,001 - \$250,000	14	26.4%	2,561	16.4%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	26	49.1%	12,578	80.5%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	53	100.0%	15,624	100.0%	0	0.0%	0	0.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	10	31.3%	320	4.1%	0	0.0%	0	0.0%
\$100,001 - \$250,000	10	31.3%	1,724	22.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)- \$500k (Farm)	12	37.5%	5,720	73.7%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	32	100.0%	7,764	100.0%	0	0.0%	0	0.0%

STATE COLLEGE, PA MSA 2005 AND 2006

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	3	2.3%	307	1.2%
Moderate	8	6.0%	1,342	5.4%	19	14.3%	2,193	8.9%
Middle	50	37.6%	8,176	33.0%	39	29.3%	6,344	25.6%
Upper	75	56.4%	15,256	61.6%	72	54.1%	15,930	64.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	133	100.0%	24,774	100.0%	133	100.0%	24,774	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	1	10.0%	59	8.0%
Moderate	0	0.0%	0	0.0%	3	30.0%	155	20.9%
Middle	5	50.0%	264	35.6%	3	30.0%	167	22.5%
Upper	5	50.0%	477	64.4%	3	30.0%	360	48.6%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	10	100.0%	741	100.0%	10	100.0%	741	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	1	8.3%	20	4.8%
Moderate	0	0.0%	0	0.0%	2	16.7%	50	11.9%
Middle	2	16.7%	25	6.0%	4	33.3%	67	16.0%
Upper	10	83.3%	394	94.0%	5	41.7%	282	67.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	12	100.0%	419	100.0%	12	100.0%	419	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	5	3.2%	386	1.5%
Moderate	8	5.2%	1,342	5.2%	24	15.5%	2,398	9.2%
Middle	57	36.8%	8,465	32.6%	46	29.7%	6,578	25.4%
Upper	90	58.1%	16,127	62.2%	80	51.6%	16,572	63.9%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	155	100.0%	25,934	100.0%	155	100.0%	25,934	100.0%

STATE COLLEGE, PA MSA 2005 AND 2006

	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
By Tract Income								
Low	3	18.8%	151	3.4%	0	0.0%	0	0.0%
Moderate	1	6.3%	225	5.0%	0	0.0%	0	0.0%
Middle	8	50.0%	3,237	72.6%	0	0.0%	0	0.0%
Upper	4	25.0%	848	19.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	16	100.0%	4,461	100.0%	0	0.0%	0	0.0%
By Revenue								
Total \$1 Million or Less	3	18.8%	460	10.3%	0	0.0%	0	0.0%
Over \$1 Million	13	81.3%	4,001	89.7%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	16	100.0%	4,461	100.0%	0	0.0%	0	0.0%
By Loan Size								
\$100,000 or less	5	31.3%	276	6.2%	0	0.0%	0	0.0%
\$100,001 - \$250,000	6	37.5%	1,265	28.4%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	5	31.3%	2,920	65.5%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	16	100.0%	4,461	100.0%	0	0.0%	0	0.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	2	66.7%	125	27.2%	0	0.0%	0	0.0%
\$100,001 - \$250,000	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	1	33.3%	335	72.8%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	460	100.0%	0	0.0%	0	0.0%

CRA APPENDIX C: MAP OF ASSESSMENT AREAS

