



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

Public Disclosure

September 24, 2007

Community Reinvestment Act  
**Performance Evaluation**

**National Penn Bank**  
**Charter Number: 2137**

**Reading and Philadelphia Avenues**  
**Boyertown, PA 19512**

**Office of the Comptroller of the Currency**

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

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## Overall CRA Rating

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

The following table indicates the performance level of **National Penn Bank (NPB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			<b>X</b>
High Satisfactory	<b>X</b>	<b>X</b>	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- NPB’s lending activity is good, given the bank’s size, resources, and competition in the bank’s major markets.
- Overall geographic distribution of loans is good.
- Overall borrower distribution of loans is excellent.
- A substantial majority of NPB’s loans were originated in the assessment area.
- Community development lending and product innovation have a positive impact.
- There is a significant level of qualified community development investments and grants and a good responsiveness to the needs of the various assessment areas.
- Service delivery systems are readily accessible to geographies and individuals of different income levels.
- NPB is a leader in providing community development services.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percentage tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percentage of the area median income, or a median family income that is less than 50 percentage, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least

2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percentage and less than 120 percentage of the area median income, or a median family income that is at least 80 percentage and less than 120 percentage, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percentage and less than 80 percentage of the area median income, or a median family income that is at least 50 percentage and less than 80 percentage, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percentage of the area median income, or a median family income that is more than 120 percentage, in the case of a geography.

## Description of Institution

National Penn Bank (NPB) is an interstate community bank with total assets of \$5.6 billion as of June 30, 2007. NPB is a full service bank offering a wide range of commercial and personal banking products within their Pennsylvania and Maryland markets. NPB is a wholly owned and the principal banking subsidiary of National Penn Bancshares, Inc. (NPBI), a bank holding company with total consolidated assets of \$5,621 million as of June 30, 2007. Both NPB and NPBI are located in Boyertown, Pennsylvania.

NPB has eleven operating subsidiaries. They are National Penn Investors Trust Company (NPITC), National Penn Capital Advisors, Inc. (NPCA), Vantage Investment Advisors, L.L.C. (Vantage), Penn 1<sup>st</sup> Financial Services, Inc. (PFFS), National Penn Insurance Agency, Inc. (NPPIA), National Penn Leasing Company (NPLC), Link Financial Services, Inc. (LFSI), NPB Delaware, Inc. (NPBD), National Penn Management Services L.L.C. (NPMS), National Penn Realty, Inc. (NPR), and Peoples First Business Investment Company, L.C.C. (PFBIC). NPB's investment management units consist of NPITC, which provides trust and investment management services and NPCA and Vantage, which provide investment advisory services. PFFS, the bank's mortgage banking subsidiary, provides traditional and nonconforming residential mortgage loans. A significant majority of the loans originated by PFFS are purchased by NPB. NPPIA provides insurance services and NPLC provides equipment leasing services. LFSI is a life insurance agency and NPBD holds investment securities as passive investments. NPMS provides management consulting services to banks while NPR is a real estate holding company. PFBIC is a holding company. The lending activities at NPLC and other loans originated at PFFS and not sold to NPB do not impact the bank's CRA activities and are not included in this evaluation. Other subsidiary activities also are not considered in this evaluation and do not impact the bank's capacity for community reinvestment.

NPBI also operates National Penn Investment Company, and National Penn Life Insurance Company, and Nittany Asset Management, Inc. National Penn Investments is an investment subsidiary that holds a portion of NPB's investment portfolio, including some community development investments. These investments are included in this evaluation.

The bank continues to expand through internal growth and acquisitions. In December 2003, NPB acquired the \$155 million HomeTowne Heritage Bank which added 3 community banking offices to NPB's already existing presence in the Lancaster County MSA. In June 2004, NPB completed the purchase of the \$453 million The Peoples Bank of Oxford. This acquisition added eight community offices to Lancaster and Chester counties along with a community office in Cecil County, Maryland. In January 2006, NPB acquired the \$348 million Nittany Bank. This added five community banking offices in Centre County, Pennsylvania. These acquisitions, combined with the opening of four branches, the closing of one branch, and the acquisition of seventeen community offices increased NPB's branch network from 64 to 85. The community office additions occurred both within and outside the bank's designated assessment area. Therefore, NPB changed their designated assessment areas during the evaluation period. The branch activities are fully discussed in the Service Test section of this Evaluation.

NPB remains a community bank with a primary focus on serving the retail and commercial needs of its markets. In addition to offering commercial and personal banking products,

various divisions within the bank focus on specific markets, including private banking, mutual fund and investment products, residential mortgage lending, subprime lending and commercial equipment leasing. NPB is an active Small Business Administration (SBA) lender under the Preferred Lender Program. During the evaluation period, the bank originated 185 of these loans totaling \$60.7 million. Through August 31, 2007 for fiscal 2007, NPB provided small business lenders throughout Pennsylvania with 52 SBA loans worth \$16.8 million. This places NPB as the eighth ranked SBA lender by number in Pennsylvania. The bank is also an active participant in the secondary residential mortgage market. During the evaluation period, NPB sold 1,293 loans totaling \$159 million to the Federal Home Loan Mortgage Corporation.

As of June 30, 2007, net loans and leases totaled \$3.7 billion or 66 percent of total assets. Total deposits were \$3.8 billion. The loan portfolio is primarily centered in commercial and commercial real estate loans, which comprised \$1.9 billion or 50 percent of the loan portfolio. Residential mortgage loans accounted for 33 percent or \$1,240 million of the loan portfolio. The remaining loan portfolio consisted of the following: 7.90 percent or \$296 million in construction/development loans, 5.4 percent or \$201 million in agriculture loans and 4.1 percent or \$152 million in retail loans, lease financing and other loans. Tier 1 Capital as of June 30, 2007 was \$388 million.

The bank's primary strategy is to make loans within its designated trade area. NPB is in a highly competitive marketplace. Competition comes from large community banks, regional and national financial institutions as well as credit unions, non-bank financial institutions and mortgage companies. NPB's primary competitors include Commerce Bank, N.A., Citizens Bank, PNC Bank and Sovereign Bank.

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

NPB was rated "Satisfactory" at its last CRA Performance Evaluation dated November 17, 2003.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of community development (CD) loans, is based on two distinct time periods: January 1, 2003 through December 31, 2003 (2003 Evaluation Period) and January 1, 2004 through December 31, 2006 (2004-2006 Evaluation Period). Both the 2003 Evaluation Period and the 2004-2006 Evaluation Period used the Census 2000 demographic information. However, the 2004-2006 Evaluation Period is evaluated using the revised Metropolitan Statistical Areas (MSA) boundaries as defined by the U.S. Office of Management and Budget (OMB). Due to the significant changes in the boundaries and in the demographic information between the two time periods, the loan data was analyzed separately.

Conclusions regarding the bank's lending performance are based on small business and HMDA reportable loans from January 1, 2003 through December 31, 2006. The volume of small loans to farms is only meaningful for the Philadelphia and Lancaster MSAs in the 2004-2006 Evaluation Period. Therefore, an analysis was only performed for those two areas. In addition, there were a minimal number of multifamily loans. Therefore, an analysis would not be meaningful and was not performed. The Lending Tables for multi-family lending in the 2004-2006 Evaluation Period have been eliminated.

For the CD Loans, Investment, and Service Tests, the evaluation period is from November 18, 2003 through September 24, 2007. The Investment Test included a review of investments, grants, and donations made in the bank's assessment areas (AA) that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at September 24, 2007, were given appropriate consideration. The Service Test included a review of retail and community development services provided in the bank's AAs. The bank's investments and retail services were evaluated using Census 2000 demographic data and the revised MSA boundaries.

### Data Integrity

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

CD loans, investments and services reported by management were also verified to ensure that they met the regulatory definition for community development.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, one assessment area (AA) within that state was selected for a full-scope review. Refer to the "Scope" section under the Pennsylvania State Rating for details regarding how the areas were selected.

Every Multistate metropolitan area in which the bank has branches in more than one state received at least one full-scope review. Refer to the "Scope" section under the Multistate metropolitan area for details regarding how the areas were selected.

## Ratings

The bank's overall rating is a blend of the Multistate metropolitan area rating and the Pennsylvania state rating. The Multistate rating was more heavily weighted in arriving at the overall rating since that is where a majority of the bank's overall lending activities, deposits, and branches are located. In addition, the 2004-2006 Evaluation Period was more heavily weighted in arriving at the overall rating since a majority of the loan activity occurred during that time period.

The Multistate metropolitan area rating and the state rating are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each for details regarding how the areas were weighted in arriving at the overall rating.

The Lending Test was more heavily weighted than the Investment or Service Test. NPB's record of originating residential mortgages was given the same weight as its record of originating small loans to businesses. Approximately 55 percent of the number and 41 percent of the dollar amount of all loans originated during the evaluation period were residential mortgages, and about 34 percent of the number and 51 percent of the dollar amount of all loans originated were small business loans. In regards to home mortgage lending, we placed more weight on home refinance lending than home purchase and home improvement lending. Home refinance lending accounted for 51 percent of the number and 60 percent of the dollar amount of all home mortgage originations.

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

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

## **Fair Lending Review**

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

## **Multistate Metropolitan Area Rating**

### **Philadelphia-Camden-Wilmington Multistate Metropolitan Area**

**CRA rating for the Philadelphia-Camden-Wilmington Multistate Metropolitan Area<sup>1</sup>:**

**Satisfactory**

**The lending test is rated: High Satisfactory**

**The investment test is rated: High Satisfactory**

**The service test is rated: Outstanding**

The major factors that support this rating include:

- NPB's lending activity is good, given the bank's size, resources, and competition in the bank's major markets.
- Overall geographic distribution of loans is good.
- Overall borrower distribution of loans is excellent.
- Community development lending and product innovation have a positive impact.
- There is a significant level of qualified community development investments and grants and a good responsiveness to the needs of the various assessment areas.
- Service delivery systems are readily accessible to geographies and individuals of different income levels.
- NPB is a leader in providing community development services.

### **Description of Institution's Operations in Philadelphia-Camden-Wilmington Multistate Metropolitan Area (MSA)**

Based on the revised boundaries, NPB has two assessment areas within the Philadelphia-Camden-Wilmington Multistate Metropolitan Area. The following highlights the profiles of each of the AAs for the 2004-2006 Evaluation Period. The Wilmington assessment area didn't exist for the 2003 Evaluation Period as the Maryland community office was not acquired until June 2004.

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<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Refer to the market profile within the Philadelphia-Camden-Wilmington Multistate Metropolitan Area in appendix C for detailed demographics and other performance context information for the full-scope Philadelphia MD.

### **Philadelphia MD**

There are a total of 605 census tracts within this MD, including 12 low-income tracts and 48 moderate-income census tracts. The AA includes all of Bucks, Chester and Montgomery Counties. Census tracts in Delaware County are concentrated in the northern portion of the county around the one community office. Census tracts in Philadelphia County are located around the one community office in center city and two community offices in the northwest portion of the county. As of the 2000 Census, the Philadelphia MD had a total population of 2.3 million. The 2000 weighted average median family income for the area is \$74,641. Owner occupied housing units comprise 69 percent of total housing units. Owner-occupied units located within low-and-moderate income geographies are 0.6 percent and 5 percent, respectively. Approximately 4 percent of households are below the poverty level.

There are 45 branches in the Philadelphia MD, which accounts for 98 percent of the branches in the MSA. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked ninth out of 98 institutions with a 1.92 percent market share. Banks ranked ahead of NPB include Wachovia Bank, N.A., Citizens Bank of Pa., Sovereign Bank, PNC Bank, N.A. and Commerce Bank, N.A.

### **Wilmington MD**

There are a total of 5 middle-income census tracts in Cecil County, Maryland within this MD. The AA is centered in the northern portion of Cecil County around the one branch. As of the 2000 Census, the Wilmington MD had a total population of 31 thousand. The 2000 weighted average median family income for the area is \$55,945. Owner occupied housing units comprise 76 percent of total housing units. Approximately 6 percent of households are below the poverty level.

There is 1 branch in the Wilmington MD, which accounts for 2 percent of the branches in the MSA. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranks 8<sup>th</sup> out of 8 institutions with a 1.92 percent market share. Banks ranked ahead of NPB include Mercantile County Bank, Cecil Federal Bank, First National Bank of North East, NBRS Financial and Peoples Bank of Elkton.

## **Scope of Evaluation in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area**

### **Philadelphia Multistate Metropolitan Area (6160) 2003 Evaluation Period**

For the 2003 Evaluation Period, the Philadelphia Multistate Metropolitan Area (6160) included Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in Pennsylvania. For this review, a full scope analysis was completed on the Philadelphia Multistate Metropolitan Area (6160). No analysis was completed on the Wilmington-Newark, DE MSA (9160) as the branch was not acquired until June 2004.

**Philadelphia-Camden-Wilmington Multistate Metropolitan Area (37980) 2004-2006 Evaluation Period**

As a result of the OMB changes, which became effective in 2004, the former Multistate Metropolitan Area changed. Additionally, the OMB established newly defined areas called Metropolitan Divisions (MDs).

NPB’s 2004-2006 Multistate Metropolitan Area contains the following two MDs, which are considered separate AAs and are analyzed separately.

- The Philadelphia MD (37964), which includes Bucks, Delaware, Chester, Montgomery and Philadelphia Counties in Pennsylvania.
- The Wilmington MD (48864), which includes portions of Cecil County in Maryland.

For every Multistate Metropolitan area in which the bank has branches in more than one state, at least one full-scope review must be performed. The bank’s overall Multistate Rating is a blend of the two MDs.

The Philadelphia MD (37964) was selected for full scope review. In the Multistate Metropolitan Area, approximately 99 percent of deposits, 98 percent of the bank’s home mortgage lending, and approximately 99 percent of small loans to businesses were originated in this MD.

The Wilmington MD (48864) was selected for limited scope review. In the Multistate Metropolitan Area, approximately 1 percent of deposits, 2 percent of home mortgage lending, and approximately 1 percent of small loans to businesses were originated in this MD.

**LENDING TEST**

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

The bank’s performance under the lending test in the Philadelphia-Camden-Wilmington MSA is “High Satisfactory”. Based on a full-scope review, the bank’s performance in the Philadelphia, PA. MD is good.

**Lending Activity**

Refer to Table 1 Lending Volume in the “Multistate Metropolitan Area(s)” section of appendix D for the facts and data used to evaluate the bank’s lending activity.

**Philadelphia Multistate Metropolitan Area (6160) – 2003 Evaluation Period**

***Home Mortgage Loans***

NPB’s mortgage lending penetration is good in the Philadelphia MSA when taking into consideration the strong competition from nationwide lenders who are active in this area and is reflective of the credit needs of the community.

There are 37 community offices in the Philadelphia MD, which accounts for 100 percent of the community offices in the MSA. Based on the June 30, 2003 FDIC Summary of Deposits, NPB ranked ninth out of 96 institutions with a 1.85 percent market share. Banks ranked ahead of NPB include Wachovia Bank, N.A., Citizens Bank of Pa., PNC Bank, N.A., Commerce Bank, Pennsylvania N.A and Sovereign Bank.

The bank's lending levels reflect good responsiveness to the credit needs of the community. Approximately 49 percent of all home mortgage loans and approximately 70 percent of small loans to businesses were originated in the Philadelphia MD. Among home mortgage loan originations and purchases, approximately 74 percent were home refinance loans, 15 percent were home improvement loans, and 9 percent were home purchase loans.

NPB is ranked competitively among mortgage lenders in the Philadelphia AA. Based on the former boundaries and the 2003 market share data for all mortgage data, NPB ranked 54th out of 735 lenders with 0.35 percent market share by number of loans. Although this is well below the bank' deposit market share, this is considered a reasonable level of penetration given the highly competitive market. The top ten lenders are comprised of large nationwide banks and mortgage companies. Collectively, these larger institutions capture 44 percent of the market with market share ranging from 2 percent to 8 percent.

Based on this same 2003 HMDA aggregate data, NPB ranked 91 out of 513 lenders in the AA with a 0.15 percent market share in home purchase lending, 29 out of 204 lenders in the AA with a 0.96 percent market share in home improvement lending, and 46 out of 642 lenders in the AA with a 0.36 percent market share in home refinance lending.

### **Small Loans to Businesses**

Based upon the 2003 CRA aggregate data, NPB ranked 18 out of 218 lenders with a market share of 0.71 percent based upon number. The top five national and credit card lenders capture 59 percent of the market share by count. However, NPB ranked fifth among the lenders when dollar amount is compared with a 3.77 percent market share. This is considered excellent in comparison to the bank's deposit market share of 1.85 percent.

## **Philadelphia-Camden-Wilmington Multistate Metropolitan Area—Philadelphia MD (37964) 2004-2006 Evaluation Period**

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

NPB's mortgage lending penetration is good considering the strong competition from nationwide lenders who are active in this area and is reflective of the credit needs of the community.

There are 45 community offices in the Philadelphia MD, which accounts for 98 percent of the community offices in the MSA. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked ninth out of 98 institutions with a 1.92 percent market share. Banks ranked ahead of NPB include Wachovia Bank, N.A., Citizens Bank of Pa., Sovereign Bank, PNC Bank, N.A. and Commerce Bank, N.A.

The bank's lending levels reflect good responsiveness to the credit needs of the community. Approximately 46 percent of all home mortgage loans and approximately 59 percent of small

loans to businesses were originated in the Philadelphia MD. Among home mortgage loan originations, approximately 41 percent were home improvement loans, 42 percent were home refinance loans, and 16 percent were home purchase loans.

Based on the revised boundaries and the 2005 market share data, NPB ranks 47 out of 758 in the Philadelphia MD with a market share of .44 percent in all home mortgage lending. The top ten home mortgage lenders had approximately 37 percent of the market share. The 2005 HMDA aggregate data indicates NPB ranked 11 out of 286 lenders in the AA with a 2.07 percent market share in home improvement lending, NPB ranked 65 out of 615 lenders in the AA with a 0.33 percent market share in home refinance lending, and NPB ranked 101 out of 593 lenders in the AA with a 0.15 percent market share in home purchase lending.

### **Small Loans to Businesses**

Based upon the 2006 CRA aggregate data, NPB ranked 18 out of 171 lenders with a market share of 0.46 percent based upon number. The top five national and credit card lenders capture 71 percent of the market share by count. However, NPB ranked sixth among the lenders when dollar amount is compared with a 4.01 percent market share. This is considered excellent in comparison to the bank's deposit market share of 1.92 percent.

### **Small Loans to Farms**

Based upon the 2006 CRA aggregating data, NPB ranked 2<sup>nd</sup> out of 28 lenders with a market share of 23.60 percent based upon number. This is considered excellent in comparison to the bank's deposit market share.

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

The overall geographic distribution of home mortgage loans is good considering the strong competition from significantly larger institutions and the limited opportunities for lending in low- and moderate-income geographies. The overall geographic distribution of small loans to businesses is good. The overall geographic distribution of small loans to farms is adequate.

During the 2003 Evaluation Period, home mortgage lending opportunities were limited given that only 3 percent of owner-occupied units were located in low-income geographies and only 8 percent of owner-occupied units were located in moderate-income geographies. Similarly, only 4 percent of businesses were located in low-income geographies and only 9 percent of businesses were located in moderate-income geographies.

In addition, during the 2003 Evaluation period, the opportunities to lend in low-income geographies were limited based on the volume of the low- and moderate-income families within those geographies, those below poverty level, the median family income, and average price of median housing. All but one of the 30 low-income census tracts is located in Philadelphia County. Seventy seven percent of the population living in those low-income geographies is low- and moderate-income individuals with 34 percent below poverty level. The 2000 average median family income of \$25,050 would make it difficult for a low- or moderate-income family to qualify for a mortgage with an average median housing cost of \$43,710.

During the 2004-2006 Evaluation Period, home mortgage lending opportunities were limited in the Philadelphia MD given that only 0.60 percent of owner-occupied units were located in low-

income geographies and only 5 percent of owner-occupied units were located in moderate-income geographies. Similarly, only 2 percent of businesses were located in low-income geographies and only 8 percent of businesses were located in moderate-income geographies.

In addition, during the 2004-2006 Evaluation period, the opportunities to lend in low-income geographies were limited based on the volume of the low- and moderate-income families within those geographies, the below poverty level, the median family income, and average price of median housing. Seventy five percent of the population living in those low-income geographies is low- and moderate-income individuals with 35 percent below poverty level. The 2000 average median family income of \$25,518 would make it difficult for a low- or moderate-income family to qualify for a mortgage with an average median housing cost of \$58,006.

Further, NPB is competing against larger nationwide and regional institutions for these limited lending opportunities.

### **Philadelphia Multistate Metropolitan Area (6160) – 2003 Evaluation Period**

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

Tables 2, 3, and 4 for the 2003 Evaluation Period have been excluded from the appendix. We elected not to include the tables for this time period to keep the report to a reasonable size.

#### **Home Purchase Lending**

The geographic distribution of home purchase loans is good when considering NPB only originated a total of 81 home purchase loans in 2003 and 6 of these were originated in moderate-income geographies. NPB did not originate home purchase loans in low-income geographies. The percent of lending in the moderate-income geographies meets the percent of owner occupied housing in these geographies. NPB's market share in moderate-income tracts meets its overall market share.

#### **Home Improvement Lending**

The geographic distribution of home improvement lending is adequate. The percent of lending in low-income geographies was significantly below while the percent of lending in moderate-income geographies was below the percent of owner occupied housing in these geographies. NPB's market share in low-income tracts was below its overall market share. NPB's market share in moderate-income tracts meets its overall market share.

#### **Home Refinance Lending**

The geographic distribution of home refinance lending is poor. No loans were originated in a low-income tract and sixteen were originated in moderate-income tracts. The percent of lending in moderate-income geographies was significantly lower than the percent of owner-occupied housing in these geographies. NPB's market share in moderate-income tracts is below its overall market share.

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

Table 6 for the 2003 Evaluation Period has been excluded from the appendix. We elected not to include the table for this time period to keep the report to a reasonable size.

Geographic distribution of small loans to businesses is good. The percent of small loans to businesses in low-income geographies is significantly lower than the percent of businesses in these geographies. The percent of small loans to businesses in moderate-income geographies exceeds the percent of businesses in these geographies. NPB's market share of small loans to businesses is significantly lower than its overall market share in low-income geographies and meets its overall market share in moderate-income geographies.

**Philadelphia-Camden-Wilmington Multistate Metropolitan Area—Philadelphia MD (37964) 2004-2006 Evaluation Period**

***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

**Home Purchase Lending**

The geographic distribution of home purchase loans is excellent. The percent of lending in the low-income geographies meets the percent of owner-occupied housing in these geographies. The percent of lending in the moderate-income geographies exceeds the percent of owner-occupied housing in these geographies. NPB's market share in both low- and moderate-income tracts equals its overall market share.

**Home Improvement Lending**

The geographic distribution of home improvement loans is adequate. The percent of lending in the low-income geographies is lower than the percent of owner-occupied housing in these geographies. The percent of lending in the moderate-income geographies meets the percent of owner-occupied housing in these geographies. NPB's market share in low-income tracts is significantly below its overall market share. NPB's market share in moderate-income tracts meets its overall market share.

**Home Refinance Lending**

The geographic distribution of home refinance loans is good. The percent of lending in low-income geographies is below the percent of owner-occupied housing in these geographies. The percent of lending in the moderate-income geographies exceeds the percent of owner-occupied housing in these geographies. NPB's market share in both low- and moderate-income geographies exceeds its overall market share.

***Small Loans to Businesses***

Refer to Table 6 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Geographic distribution of small loans to businesses is good. The percent of small loans to businesses in low-income geographies is below the percent of businesses in these geographies, and the percent of small loans to businesses in moderate-income geographies meets the percent of businesses in these geographies. NPB's market share of small loans to businesses is lower than its overall market share in low-income geographies and is near to its overall market share in moderate-income geographies.

***Small Loans to Farms***

Refer to Table 7 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Peer data for 2004 through 2006 shows very limited lending opportunities for small loans to farms in low- and moderate-income geographies. For the three years, there were only a total of 31 loans to small farms in low-income geographies and 80 loans to small farms in moderate-income geographies.

Geographic distribution of small loans to farms is adequate based upon the limited opportunities. NPB made no small loans to farms in low-income geographies. The percent of small loans to farms in moderate-income geographies is below the percent of farms in these geographies. NPB's market share of small loans to farms for both low- and moderate-income geographies is significantly below its overall market share.

***Lending Gap Analysis***

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

***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level. During the evaluation period, NPB originated a substantial majority of its loans in the combined AAs. During the evaluation period from 2003 to 2006, 87 percent of the number and 83 percent of the dollar amount of HMDA originations and purchases were within the bank's combined assessment area. The number and dollar amount of loans originated in the AAs during the evaluation period by product types are as follows: 81 percent of the number and 74 percent of the dollar amount of home purchase loans, 95 percent of the number and 79 percent of the dollar amount of home improvement loans, 86 percent of the number and 89 percent of the dollar amount of home refinance loans. Regarding small loans to businesses, 93 percent of the number and 91 percent of the dollar amount of total originations were within the combined AAs. For farm loans, 92 percent of the number and 89 percent of the dollar amount were within the combined AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The overall distribution of home mortgage loans by income level of the borrower is excellent. The borrower distribution of small loans to businesses is adequate. The borrower distribution of small loans to farms is good.

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

For the 2003 Evaluation Period, the weighted average of median housing value for the Philadelphia MSA (6160) was \$159,614 and a low-income individual or family earned less than \$36,290. Further, 8 percent of the households within the AA were below the poverty level and are considered very low-income.

For the 2004-2006 Evaluation Period, the weighted average of median housing value for the Philadelphia MD (37964) was \$166,863 and a low-income individual or family earned less than \$37,320. The poverty level for this MD was 6 percent.

For the 2004-2006 Evaluation Period, the market for loans to small businesses with revenues equal to or under \$1 million is very competitive. NPB ranks 18 out of 171 lenders with a market share of 0.55 percent. The top five national institutions and credit card companies control approximately 66 percent of the market share. NPB based on dollars ranks 10 out of the 171 lenders with a market share of 3 percent. That evidences NPB's desire to service the lending needs of small businesses.

### **Philadelphia Multistate Metropolitan Area (6160) – 2003 Evaluation Period**

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

Tables 8, 9, and 10 for the 2003 Evaluation Period have been excluded from the appendix. We elected not to include the tables for this time period to keep the report to a reasonable size.

#### **Home Purchase Lending**

Borrower distribution of home purchase loans is excellent. The percent of loans originated to both low- and moderate income borrowers is above the percent of low- and moderate-income families in the AA. NPB's market share for low-income borrowers is significantly above its overall market share while the market share for moderate-income borrowers meets its overall market share.

#### **Home Improvement Lending**

Borrower distribution of home improvement loans is excellent. The percent of loans originated to both low- and moderate income borrowers is significantly above the percent of low- and moderate-income families in the AA. NPB's market share for low-income borrowers is significantly above its overall market share while the market share for moderate-income borrowers exceeds its overall market share.

#### **Home Refinance Lending**

Borrower distribution of home refinance loans is good. The percent of loans originated to low-income borrowers is significantly lower than the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers exceeds the percent of moderate-income families in the AA. NPB's market share for low-income borrowers exceeds its overall market share. NPB's market share for moderate-income borrowers meets its overall market share.

### **Small Loans to Businesses**

Table 11 for the 2003 Evaluation Period has been excluded from the appendix. We elected not to include the table for this time period to keep the report to a reasonable size.

The distribution of small loans to businesses is good when considering the distribution by size of loan and the strong competition from larger, nationwide lenders that offer small business credit cards.

The percent of small loans to businesses with gross annual revenues of \$1 million or less is near the percent of businesses in the AA. NPB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that 50 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

### **Philadelphia-Camden-Wilmington Multistate Metropolitan Area—Philadelphia MD (37964) 2004-2006 Evaluation Period**

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

Refer to Tables 8, 9, and 10 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

#### **Home Purchase Lending**

Borrower distribution of home purchase loans is excellent. The percent of loans originated to low-income borrowers is below the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA. NPB's market share for both low- and moderate-income borrowers exceeds its overall market share.

#### **Home Improvement Lending**

Borrower distribution of home improvement loans is excellent. The percent of loans originated to low-income borrowers is near the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA. NPB's market share for both low- and moderate-income borrowers exceeds its overall market share.

#### **Home Refinance Lending**

Borrower distribution of home refinance loans is excellent. The percent of loans originated to low-income borrowers is near the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA. NPB's market share for both low- and moderate-income borrowers exceeds its overall market share.

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

Refer to Table 11 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses is adequate when considering the distribution by size of loan and the strong competition from larger, nationwide lenders that offer small business credit cards.

The percent of small loans to businesses with gross annual revenues of \$1 million or less is significantly lower than the percent of businesses in the AA. NPB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that approximately 49 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

### ***Small Loans to Farms***

Refer to Table 12 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to farms.

The distribution of small loans to farms is good when considering the distribution by size of loan and NPB's strong ranking.

The percent of small loans to farms (farms with gross annual revenues of \$1 million or less) is lower than the percent of farms in the AA. NPB's market share of lending to small farms exceeds its overall market share. The distribution by size of loan shows that approximately 67 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small farms.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that qualify as community development loans.

Community development lending had a positive impact on the lending test for the Philadelphia MD. NPB originated sixteen loans for a total of \$24 million in the Philadelphia MD that have community development purposes and have not been included in the small business loan data.

Two loans for a total of \$5 million were originated in 2005 and then the total \$5 million was renewed in another loan in 2007 to a Small Business Investment Company (SBIC). The SBIC's strategy is to provide funding to small and lower middle market, later stage companies which have limited access to capital because of the concentration of risk capital in larger private equity and mezzanine funds. The SBIC plans to invest \$1 million to \$6 million and take minority ownership positions in companies that are expanding, undergoing an ownership change, recapitalizing or acquiring other companies.

Two loans, totaling \$6 million, were granted to a development company to acquire and construct housing and commercial units to revitalize and stabilize a low-income geography. The development is part of a city redevelopment program which includes setting aside a number of affordable residential units.

One loan totaling \$4.9 million was granted to finance construction of affordable rental housing serving low- and moderate-income persons.

One loan totaling \$1.5 million was granted to a development corporation to revitalize and stabilize a vacant property in a low-income census tract. The building will be used as business and educational facility to attract new businesses and persons to this low-income area.

Community development loans had a neutral impact on the lending test for the Wilmington MD because there were no community development loan originations in this MD.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the lending test conclusion for the Philadelphia MD.

NPB offers specialized home mortgage loan and improvement financing programs, the Target Mortgage Program and the Philadelphia Home Improvement Loan Program.

The Target Mortgage program is targeted at cities and towns with low- and moderate-income census tracts in the bank's AA. The program provides flexible underwriting such as 100 percent financing with no Private Mortgage Insurance. The bank fees are less than the standard market rate fees for underwriting and document preparation.

NPB has partnered with a non-profit Urban Resources in Philadelphia to develop a Philadelphia Home Improvement Loan Program. The program targets low- and moderate income individuals in low- and moderate-income census tracts located in the City of Philadelphia. The bank will disburse up to \$75,000 for home improvements at a rate of 3 percent unsecured.

During the evaluation period NPB made 21 loans totaling \$1,362M for the Target Mortgage program and made 5 loans totaling \$20M for the Philadelphia Improvement Loans.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

There were only a minimal number of loans originated in the Wilmington MD and NPB has a limited presence in the Wilmington MD. NPB originated or purchased only one home purchase loan, twenty three home improvement loans, twenty home mortgage refinance loans, and eighteen small loans to businesses since it acquired one branch in that MD in June 2004.

Based on limited-scope reviews, the bank's performance under the lending test in the Wilmington MD is weaker than the bank's overall "High Satisfactory" performance under the lending test in the Philadelphia MD. The weaker performance had very minimal impact on the overall lending rating.

There are no low- to moderate-income geographies in NPB's AA in Cecil County, Maryland. NPB had no lending to either low or moderate-income families for home purchase loans. Both the percent of lending to low-income families for home improvement loans and lending to

moderate-income families for home mortgage refinance loans exceeds the percent of families. Both the percent of lending to moderate-income families for home improvement loans and lending to low-income families for home mortgage refinance loans is significantly below the percent of families. The percent of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is significantly below the percent of businesses in the AA with NPB's market share of lending to small businesses near its overall market share. The distribution by size of loan shows that approximately 50 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses. NPB's Community Development lending in the Wilmington MD had a neutral impact on the overall lending rating.

Refer to the Tables 1 through 11 in the multistate section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

Refer to Table 14 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

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

The bank's performance under the Investment Test in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Philadelphia MD is good.

Statewide and regional investments, grants, and donations were considered, in their entirety, in the MD they had potential to benefit. In cases where the investment, grant, or donation benefited more than one MD, the investment was considered, in its entirety, to benefit the MD designated by management. The prior period investments are also considered to benefit the MD designated by management.

#### **Philadelphia-Camden-Wilmington Multistate Metropolitan Area— Philadelphia MD (37964)**

NPB has a good level of qualified investments and grants and exhibited a good responsiveness to credit and community economic development needs. Investment opportunities do exist but there is competition for these opportunities.

During the evaluation period, a total of \$2.3 million in funds were dispersed in this MD. NPB invested in two mortgage-backed securities (MBS) totaling \$1.5 million. All mortgages collateralizing these MBSs assigned to this MD were originated to low- and moderate-income families in the AA. NPB invested \$156 thousand during the evaluation period in a low-income housing tax credit (LIHTC) to benefit a 30 one-bedroom apartment complex for low-income seniors.

Three prior period investments totaling \$1.6 million remain on the books. All are LIHTCs.

NPB made 115 grants and donations for a total of \$259 thousand to numerous organizations that provide economic development, affordable housing, and community services to low- and moderate-income individuals.

### **Statewide/Broader Regional Area**

The following investments benefit a broader statewide/regional area and management designated these investments to the Philadelphia MD. These investments will be reflected on the Statewide/Regional Investment line in the investment tables. NPB invested in different phases of a Small Business Investment Company (“SBIC”). Refer to comments for further details about this SBIC in the community development section of the Multistate Lending Test. One of the investments for \$1.5 million was made during the evaluation period, while investments in the first two funds of \$4.6 million are shown as a prior period investment. During this evaluation period, NPB also invested \$500 thousand in a Small Business Administration New Markets Venture Capital Company. The company invests in businesses that bring financial benefits to communities designated “low-income” by the SBA. This investment demonstrates a good responsiveness to credit and community development needs.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank’s performance under the investment test in the Wilmington MD is weaker than the bank’s overall “High Satisfactory” performance. The weaker performance is a result of no investments in the Cecil County, Maryland AA. However, the opportunity for community development investments is limited in this rural area. The weaker performance has a minimal impact on the overall investment test rating.

Refer to the Table 14 in of appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank’s performance under the service test in the Camden-Philadelphia-Wilmington Multistate Metropolitan Area is rated “Outstanding.” Based on a full-scope review, the bank’s performance in the Philadelphia MD is excellent.

### **Philadelphia-Camden-Wilmington Multistate Metropolitan Area— Philadelphia MD (37964)**

#### **Retail Banking Services**

Refer to Table 15 in the “Multistate Metropolitan Area(s)” section of appendix D for the facts and data used to evaluate the distribution of the bank’s community office delivery system and community office openings and closings.

NPB’s delivery systems are readily accessible to geographies and individuals of different income levels in the Philadelphia MD. NPB operates 45 of its 85 community offices within the Philadelphia MD. Of these 45 community offices, none were located in low-income

geographies, five were located in a moderate-income geography, eighteen were located in middle-income geographies, and twenty were located in an upper-income geography.

As a percent of the total number of community offices, zero percent of the community offices were located in low-income geographies where 1.12 percent of the population resides, and 11.11 percent of the community offices were located in moderate-income geographies where 7.20 percent of the population resides. One of the moderate-income community offices is located near two low-income census tracts in Philadelphia County. In addition, NPB has three community offices that are physically located in middle-income geographies but are in close proximity to adjacent moderate-income geographies. Consequently, the distribution of NPB's community offices in low- and moderate-income geographies is significantly above the percent of the population residing in such geographies.

During the evaluation period, NPB acquired seven community offices as part of the Peoples Bank of Oxford acquisition that took place in June 2004. In addition, NPB opened one community office, and closed three community offices in this AA. One of the acquired community offices was located in a moderate-income tract, one was located in a middle-income tract and five were located in an upper-income tract. There was one lending community office opened in a middle-income geography. The community office openings and closings have not adversely impacted the accessibility of services to low- and moderate-income individuals or geographies.

The bank's services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals. All but three of the community offices have extended hours of operation at least one day a week. Thirty six of the community offices have Saturday hours and two of the community offices have Sunday morning hours. Thirty three of the community offices offer drive-through services and thirty seven are equipped with ATMs. NPB also has one cash dispensing remote ATM and two full service remote ATMs. A full line of traditional banking products and services are offered at all community offices.

NPB established a relationship in July 2005, with the Bucks County Opportunity Council whereby the bank supports savings accounts for their clients enrolled in Pennsylvania's matched savings program for low-income individuals. Forty-seven accounts were opened during the evaluation period.

In addition, the bank offers alternative delivery systems in the form of ATMs, telephone and Internet banking. However, no weight was placed on these services because a determination of the volume of use in low- and moderate-income geographies and by low- and moderate-income individuals is unavailable.

## **Community Development Services**

NPB is a leader in providing CD services within the Philadelphia MD. Bank management and employees provided their financial and technical expertise through their involvement in several qualified community organizations, and through their participation in several small business workshops and seminars. Eighteen employees served with twelve CD organizations.

Management is also active in helping community development organizations and individuals who apply for loans or grants under the Federal Home Loan Bank's (FHLB) Affordable Housing programs. The community development services are responsive to the community development needs in the assessment area. The community development services enhanced small business and economic development as well as enhanced services targeted to low- and moderate-income individuals and families. The following is a partial list of CD services that were provided in the Philadelphia MD during the evaluation period.

- Employees compiled and successfully sponsored two grant applications under the Federal Home Loan Bank's (FHLB) Affordable Housing Program. The applications were for a 17-unit affordable housing project in Coatesville referred to as Cambria Terrace and a 15-unit affordable housing project in Philadelphia referred to as the Reinhard Street project.

For each of these programs, bank employees document and service the grants. For each recipient the bank must document income eligibility according to the project's approved guidelines, create and prepare retention documents (Note and Subordinate Mortgage), provide funds at closing, and complete periodic project monitoring reports.

Employees set up the loan on an account system to monitor fulfillment of the agreement and prepare payoffs and satisfy mortgages. The bank absorbs the mortgage satisfaction costs for all of the grants that are fully forgiven in accordance with the terms of the grant, usually five years.

- Bank employees completed and submitted grant applications under the FHLB's First Front Door (formerly known as the Home Buyer Equity Fund) grant assistance program. This program provides a grant to lower income first time homebuyers for their use towards down payment and/or closing costs. Five grants were extended during the evaluation period.

As a participant the bank created a Note and Subordinate Mortgage for use with this program. The bank must prepare the Note and Subordinate Mortgage for each grant recipient. Prior to grant distribution the bank must also complete a needs assessment form to determine the amount of eligible assistance and fund each grant. After settlement bank representatives prepare a funds distribution request and submit to the FHLB for reimbursement.

Each grant is monitored until it is repaid or is fully forgiven after five years. No fees are charged in connection with the grant and, as a condition of participation, the bank must offer concessions on the first mortgage loan provided in connection with the grant.

- Employees compiled and submitted a home improvement grant proposal to the FHLB under their pilot Home Repair program in conjunction with Urban Resources.
- Two bank employees serve on the Board of Directors of Community Housing Services, a non profit that works to provide housing solutions for homeless and near homeless persons in Montgomery County.

- A former Senior Commercial Lender served on the Finance Committee for Bucks County Industrial Authority. They review new loan requests with the primary purpose to provide tax-exempt Industrial Development Bond and mortgage financing for businesses.
- A bank employee serves on the Board of Directors for the Alliance for Better Housing in Kennett Square. The organization provides financial expertise and cultural knowledge to an organization whose mission is to build and manage affordable rental housing for farm workers and other low-income families.
- A bank employee serves on the Board of Directors for La Comunidad Hispana in Kennett Square. The organization's mission is to provide multiple services to vulnerable low-income families in the Chester County.
- Several employees are involved with the Chester County Economic Development Council. The council is a non-profit economic development organization that provides low-interest financing, small business lending, workforce training, retention, expansion and urban development. The employees participate in the loan approval process as well as program development initiatives for the organization to meet economic development needs.
- An EVP with NPITC serves on the Board of Directors as well as the Treasurer for the Inter-Faith Housing Alliance. The non-profit responds to the emergency needs of homeless and low-income families in Montgomery County. The bank employee provides financial expertise to the organization.
- Several employees have provided financial expertise to the Community Lenders Community Development Corporation (CLCDC). The non-profit's mission is to facilitate community revitalization through financing and investment in housing which address the needs of low-moderate-income individuals in the Bucks, Chester, Delaware and Montgomery counties.
- Numerous bank employees participated in consumer education programs for low- and moderate-income persons or small businesses.

#### Community Development Education Summary

- Several bankers performed outreaches in low and moderate-income census tracts in Philadelphia County on how to apply for a mortgage, selecting mortgage products as well as education on the role of the realtor, budgets, credit reports and predatory lending.
- Several bankers performed outreaches to low-moderate-income individuals in Montgomery County. Presentations consisted of information on checking accounts and ID theft, saving and budgeting, types of credit, understanding credit reports and homeownership.

- Several bankers performed presentations on banking versus check cashing agencies to low-moderate-income individuals at the Youth Works Program in Philadelphia County. The presentations also consisted of what one should expect when you go into a bank, basic savings and learning to budget and basic level identity theft education.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Wilmington MD is weaker than the bank's overall "Outstanding" performance under the service test in the Camden-Philadelphia-Wilmington Multistate Metropolitan Area. There is only one community office in this MD, making delivery systems reasonably accessible to all portions of the assessment area. The one community office was acquired in June 2004 and is located in a middle-income census tract. NPB's AA includes no low- or moderate-income census tracts.

Refer to Table 15 in the "Multistate Metropolitan Area(s)" section of appendix D for the facts and data used to evaluate the distribution of the bank's community office delivery system and community office openings and closings.

## State Rating

### State of Pennsylvania

#### CRA Rating for Pennsylvania<sup>2</sup>: Satisfactory

The lending test is rated: **High Satisfactory**

The investment test is rated: **Low Satisfactory**

The service test is rated: **High Satisfactory**

The major factors that support this rating include:

- NPB's lending activity is good, given the bank's size, resources, and competition in the bank's major markets.
- Overall geographic distribution of loans is good.
- Overall borrower distribution of loans is good.
- Overall, community development investments reflect an adequate responsiveness to the needs of the various assessment areas.
- Service delivery systems are accessible to geographies and individuals of different income levels.
- Overall, NPB through the efforts of bank management and employees is a leader and provides an outstanding level of community development services.

### Description of Institution's Operations in Pennsylvania

Based on the revised boundaries, there are a total of four assessment areas within the state of Pennsylvania for the 2004-2006 Evaluation Period. The State College MSA is not included in the 2003 Evaluation Period as the community offices were acquired until January 2006. The following highlights the profiles of each of the AAs for the 2004-2006 Evaluation Period.

Refer to the market profiles for the state of Pennsylvania in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

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2 For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

**Reading, PA MSA (39740) – 2004-2006 Evaluation Period**

There are a total of 82 census tracts within this MSA, including 9 low-income tracts and 16 moderate-income tracts. As of the 2000 Census, there was a total population of 374 thousand. The 2007 HUD adjusted median family income for the area is \$63,600. Owner-occupied housing units comprise 70 percent of total housing units. Owner-occupied units located within low-and-moderate income geographies are 3 and 10 percent, respectively. Approximately 9 percent of households are below the poverty level.

There are a total of 20 community offices in the Reading MSA, accounting for 51 percent of the total community offices in the state of Pennsylvania. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked 2 out of 21 institutions in the Reading MSA with a 17.6 percent market share. Only Sovereign Bank ranks above NPB. Based upon the 2005 HMDA peer mortgage data, NPB ranked 12th out of 439 lenders with a 2.44 percent market share by number of loans. The top five lenders were Countrywide Home Loan, Sovereign Bank, Wachovia Bank, JPMorgan Chase Bank and Wells Fargo Bank, N.A. The top five lenders had a market share of 26 percent by number of loans.

**Allentown-Bethlehem-Easton, PA-NJ MSA (10900) – 2004-2006 Evaluation Period**

There are a total of 99 census tracts within this MSA, including 9 low-income tracts and 22 moderate-income tracts. NPB's AA includes all of Lehigh County and the south western section of Northampton County around the community offices. None of the AA extends into New Jersey. As of the 2000 Census, there was a total population of 446 thousand. The 2007 HUD adjusted median family income for the area is \$65,800. Owner-occupied housing units comprise 66 percent of total housing units. Owner-occupied units located within low-and-moderate income geographies are 2 and 16 percent, respectively. Approximately 9 percent of households are below the poverty level.

There are a total of 9 community offices in the Allentown-Bethlehem-Easton MSA, accounting for 23 percent of the total community offices in the state of Pennsylvania. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked 15th out of 34 institutions in Lehigh and Northampton Counties with a 2.13 percent market share. The top five deposit taking institutions are Wachovia Bank, Keystone Nazareth Bank and Trust Company, Sovereign Bank, American Bank and East Penn Bank. Based upon the 2005 HMDA peer mortgage data, NPB ranked 57th out of 454 lenders with a 0.39 percent market share by number of loans. The top five lenders were Countrywide Home Loan, Wachovia Bank, Wells Fargo Bank, N.A., Keystone Nazareth Bank and Trust Company and JPMorgan Chase Bank with a combined market share of 29 percent.

**Lancaster, PA MSA (29540) – 2004-2006 Evaluation Period**

There are a total of 28 census tracts within this MSA, including no low-income tracts and one moderate-income tract. NPB's AA covers the eastern portion of Lancaster County from north to south and the census tracts are adjacent to the community offices. As of the 2000 Census, there was a total population of 155 thousand. The 2007 HUD adjusted median family income for the area is \$64,000. Owner-occupied housing units comprise 73 percent of total housing units. Owner-occupied units located within low-and-moderate income geographies are 0 and 2 percent, respectively. Approximately 6 percent of households are below the poverty level.

There are a total of 5 community offices in this AA, accounting for 13 percent of the total community offices in the state of Pennsylvania. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked 11th out of 20 institutions in the Lancaster MSA with a 2.9 percent market share. Based upon the 2005 HMDA peer mortgage data, NPB ranked 12th out of 309 lenders with a 2.17 percent market share by number of loans. The top five lenders were Bank of Lancaster County, N.A., Fulton Bank, Countrywide Home Loan, Sovereign Bank and Wells Fargo Bank, N.A. The top five lenders had a market share of 27 percent by number of loans

**State College, PA MSA (44300) – 2004-2006 Evaluation Period**

There are a total of 29 census tracts within this MSA, with no low-income tracts and six moderate-income tracts. NPB’s AA covers the entire MSA. As of the 2000 Census, there was a total population of 136 thousand. The 2007 HUD adjusted median family income for the area is \$59,300. Owner-occupied housing units comprise 56 percent of total housing units. There are no low-income geographies within this MSA. Approximately 19 percent of owner-occupied units are located within moderate- income geographies. Approximately 18 percent of households are below the poverty level.

There are a total of 5 community offices in this MSA, accounting for 13 percent of the total community offices in the state of Pennsylvania. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked 3rd out of 15 institutions in the State College MSA with a 14.6 percent market share. Only Citizens Bank of PA and Omega Bank had larger market shares. Based upon the 2005 HMDA peer mortgage data, NPB ranked 230<sup>th</sup> out of 253 lenders with a 0.02 percent market share by number of loans. This is expected as the acquisition of Nittany Bank along with the five community offices didn’t occur until January 2006. The top five lenders were Wells Fargo Bank, N.A, Nittany Bank, Northwest Savings Bank, JPMorgan Chase Bank and PNC Bank, N.A. with a combined market share of 31 percent.

**Scope of Evaluation in Pennsylvania**

The bank’s overall State of Pennsylvania rating is based primarily on the results of those areas that received full-scope reviews.

**State of Pennsylvania - 2003 Evaluation Period:**

During 2003, NPB had the following AAs in the State of Pennsylvania:

- The Reading MSA (6680), which included all of Berks County in Pennsylvania. A full-scope analysis was performed for this MSA.
- The Allentown-Bethlehem-Easton MSA (0240), which included all of Lehigh County and the south western portion of Northampton County in Pennsylvania. A limited-scope analysis was performed for this MSA.
- The Lancaster MSA (4000), which included the eastern portion of Lancaster County in Pennsylvania. A limited-scope analysis was performed for this MSA.

**State of Pennsylvania – 2004-2006 Evaluation Period:**

As a result of the OMB changes, which became effective in 2004, NPB’s assessment areas have changed. NPB’s newly defined AAs in the State of Pennsylvania are:

- The Reading MSA (39740), which included all of Berks County in Pennsylvania.

- The Allentown-Bethlehem-Easton MSA (10900), which included all of Lehigh County and the south western portion of Northampton County in Pennsylvania.
- The Lancaster MSA (29540), which included the eastern portion of Lancaster County from the southern to northern boundaries in Pennsylvania.
- The State College MSA (44300), which included all of Centre County in Pennsylvania.

The Reading MSA (39740) was selected for a full scope review. In the state of Pennsylvania, approximately 63 percent of bank deposits, approximately 60 percent of home mortgage lending, and approximately 48 percent of small loans to businesses were originated in this MD.

The Allentown-Bethlehem-Easton MSA (10900) was selected for a limited scope review. In the state of Pennsylvania, approximately 10 percent of bank deposits, approximately 14 percent of home mortgage lending, and approximately 13 percent of small loans to businesses were originated in this MSA.

The Lancaster MSA (29540) was selected for a limited scope review. In the state of Pennsylvania, approximately 12 percent of bank deposits, approximately 18 percent of home mortgage lending, and approximately 33 percent of small loans to businesses were originated in this MSA. 98 percent of the total 997 small loans to farms were originated in the Lancaster MSA.

The State College MSA (44300) was selected for limited scope review. In the state of Pennsylvania, approximately 15 percent of the bank's deposits, approximately 8 percent of home mortgage lending, and 6 percent of small loans to businesses were originated in this MSA.

Refer to the table in Appendix A for more information.

## **LENDING TEST**

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

The bank's performance under the lending test in the state of Pennsylvania is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Reading MSA is good.

### **Lending Activity**

Refer to Table 1 Lending Volume in the "State of Pennsylvania" section of appendix D for the facts and data used to evaluate the bank's lending activity.

### **Reading, PA MSA (6680) – 2003 Evaluation Period**

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

NPB's mortgage lending penetration is adequate in the Reading MSA when taking into consideration the strong competition from nationwide lenders who are active in this area.

There are 19 NPB community offices in the Reading MSA, which accounts for 70 percent of the community offices in the state of Pennsylvania. Based on the June 30, 2003 FDIC

Summary of Deposits, NPB ranked second out of 19 institutions with a 16.16 percent market share. The bank ranked ahead of NPB was Sovereign Bank with a 24 percent market share.

The bank's lending levels reflect an adequate responsiveness to the credit needs of the community. Approximately 39 percent of all home mortgage loans and approximately 22 percent of small loans to businesses were originated in this MSA. Among home mortgage loan originations, approximately 72 percent were home refinance loans, 18 percent were home improvement loans, and 9 percent were home purchase loans.

NPB is ranked competitively among mortgage lenders in the Reading MSA. Based on the former boundaries and the 2003 market share data for all mortgage data, NPB ranked 13th out of 395 lenders with 2.27 percent market share by number of loans. Although this is well below the bank's deposit market share, this is considered a reasonable level of penetration given the highly competitive market. The top ten lenders are comprised of large nationwide banks and mortgage companies. Collectively, these larger institutions capture 49 percent of the market with market share ranging from approximately 3 percent to 7 percent.

Based on this same 2003 HMDA aggregate data, NPB ranked 1 out of 89 lenders in the AA with a 10.60 percent market share in home improvement lending, 11 out of 334 lenders in the AA with a 2.48 percent market share in home refinance lending, and 27 out of 264 lenders in the AA with a 0.72 percent market share in home purchase lending.

### **Small Loans to Businesses**

Based upon the 2003 CRA aggregate data, NPB ranked 9 out of 66 lenders with a market share of 2.28 percent based upon number. The top five national and credit card lenders capture approximately 65 percent of the market share by count. However, NPB ranked second among the lenders when dollar amount is compared with a 9.30 percent market share. This is considered good in comparison to the bank's deposit market share considering the dominance of large and credit card lenders who originate small loans to businesses.

## **Reading, PA MSA (39740) – 2004-2006 Evaluation Period**

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

NPB's mortgage lending penetration is adequate considering the strong competition from nationwide lenders who are active in this area and is reflective of the credit needs of the community.

There are 20 community offices in the Reading MSA, which accounts for 51 percent of the community offices in the state of Pennsylvania. Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked second out of 21 institutions with a 17.6 percent market share. The bank ranked ahead of NPB was Sovereign Bank with a 23 percent market share.

The bank's lending levels reflect good responsiveness to the credit needs of the community. Approximately 46 percent of all home mortgage loans and approximately 59 percent of small loans to businesses were originated in the Reading MSA. Among home mortgage loan originations, approximately 46 percent were home refinance loans, 39 percent were home improvement loans, and 14 percent were home purchase loans.

Based on the revised boundaries and the 2005 market share data, NPB ranks 12 out of 439 lenders in the Reading MSA with a market share of 2.44 percent in all home mortgage lending. The top ten home mortgage lenders had approximately 40 percent of the market share.

The 2005 HMDA aggregate data indicates NPB ranked second out of 138 lenders in the AA with a 9.42 percent market share in home improvement lending, NPB ranked 10 out of 338 lenders in the AA with a 2.41 percent market share in home refinance lending, and NPB ranked 28 out of 302 lenders in the AA with a 0.86 percent market share in home purchase lending.

### **Small Loans to Businesses**

Based upon the 2006 CRA aggregate data, NPB ranked 13 out of 70 lenders with a market share of 2.09 percent based upon number. The top five national and credit card lenders capture 71 percent of the market share by count. However, NPB ranked second among the lenders when dollar amount is compared with a 12.89 percent market share. This is considered good in comparison to the bank's deposit market share considering the dominance of large and credit card lenders who originate small loans to businesses.

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

The overall geographic distribution of home mortgage loans is good considering the strong competition from significantly larger institutions and the limited opportunities for lending in low- and moderate-income geographies. The overall geographic distribution of small loans to businesses is adequate. Based upon the review of small loans to farms in the limited scope Lancaster MSA, the geographic distribution is excellent.

During the 2003 Evaluation Period, home mortgage lending opportunities were limited given that only 3 percent of owner-occupied units were located in low-income geographies and only 10 percent of owner-occupied units were located in moderate-income geographies. Similarly, only 11 percent of businesses were located in low-income geographies and only 9 percent of businesses were located in moderate-income geographies.

In addition, during the 2003 Evaluation Period, the opportunities to lend in low-income geographies were limited based on the volume of the low- and moderate-income families within those geographies, the below poverty level, the median family income, and average price of median housing. Seventy seven percent of the population living in those low-income geographies is low- and moderate-income individuals with 37 percent below poverty level. The 2000 average median family income of \$21,974 would make it difficult for a low- or moderate-income family to qualify for a mortgage with an average median housing cost of \$45,743.

During the 2004-2006 Evaluation Period, home mortgage lending opportunities were limited in the Reading MSA given that only 3 percent of owner-occupied units were located in low-income geographies and only 10 percent of owner-occupied units were located in moderate-income geographies. Similarly, only 9 percent of businesses were located in low-income geographies and only 8 percent of businesses were located in moderate-income geographies.

In addition, during the 2004-2006 Evaluation Period, the opportunities to lend in low-income geographies were limited based on the volume of the low- and moderate-income families

within those geographies, the below poverty level, the median family income, and average price of median housing. 77 percent of the population living in those low-income geographies is low- and moderate-income individuals with 37 percent below poverty level. The 2000 average median family income of \$21,975 would make it difficult for a low- or moderate-income family to qualify for a mortgage with an average median housing cost of \$45,743.

Further, NPB is competing against larger nationwide and regional institutions for these limited lending opportunities.

For the 2004-2006 Evaluation Period, the market for loans to small businesses with revenues equal to or under \$1 million is very competitive. NPB ranks 10 out of 70 lenders with a market share of 2.67 percent. The top five national institutions and credit card companies control approximately 60 percent of the market share. NPB based on dollars ranks 2 out of the 70 lenders with a market share of 12.17 percent. That evidences NPB's desire to service the lending needs of small businesses.

**Reading, PA MSA (6680) – 2003 Evaluation Period**

**Home Mortgage Loans**

Tables 2, 3, and 4 for the 2003 Evaluation Period have been excluded from the appendix. We elected not to include the tables for this time period to keep the report to a reasonable size.

**Home Purchase Lending**

The geographic distribution of home purchase loans is excellent. The percent of lending in both the low- and moderate-income geographies significantly exceeds the percent of owner occupied housing in these geographies. NPB's market share in both low- and moderate-income tracts significantly exceeds its overall market share.

**Home Improvement Lending**

The geographic distribution of home improvement lending is adequate. The percent of lending in low-income geographies is below while the percent of lending in moderate-income geographies was significantly below the percent of owner occupied housing in these geographies. NPB's market share in both low- and moderate-income tracts was significantly below its overall market share.

**Home Refinance Lending**

The geographic distribution of home refinance lending is poor. The percent of lending in both low- and moderate-income geographies is significantly below the percent of owner occupied housing in these geographies. NPB's market share in low-income tracts is near its overall market share. NPB's market share in moderate-income tracts is below its overall market share.

**Small Loans to Businesses**

Table 6 for the 2003 Evaluation Period has been excluded from the appendix. We elected not to include the table for this time period to keep the report to a reasonable size.

Geographic distribution of small loans to businesses is adequate. The percent of small loans to businesses in low-income geographies is below the percent of businesses in these

geographies. The percent of small loans to businesses in moderate-income geographies is significantly below the percent of businesses in these geographies. NPB's market share of small loans to businesses in low-income tracts exceeds its overall market share. NPB's market share meets its overall market share in moderate-income geographies.

## **Reading, PA MSA (39740) – 2004-2006 Evaluation Period**

### **Home Mortgage Loans**

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

### **Home Purchase Lending**

The geographic distribution of home purchase loans is excellent. The percent of lending in both low- and moderate-income geographies significantly exceeds the percent of owner occupied housing in these geographies. NPB's market share in both low- and moderate-income tracts significantly exceeds its overall market share.

### **Home Improvement Lending**

The geographic distribution of home improvement lending is good. The percent of lending in low-income geographies exceeds the percent of owner occupied housing in these geographies. The percent of lending in moderate-income geographies was significantly below the percent of owner occupied housing in these geographies. NPB's market share in low-income tracts is near its overall market share. NPB's market share in moderate-income tracts was below its overall market share.

### **Home Refinance Lending**

The geographic distribution of home refinance lending is poor. The percent of lending in both low- and moderate-income geographies is significantly below the percent of owner occupied housing in these geographies. NPB's market share in low-income tracts is below its overall market share. NPB's market share in moderate-income tracts is near its overall market share.

### **Small Loans to Businesses**

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

Geographic distribution of small loans to businesses is adequate. The percent of small loans to businesses in low-income geographies is below the percent of businesses in those geographies and the percent of small loans to businesses in moderate-income geographies is significantly below the percent of businesses in those geographies. NPB's market share in low-income tracts exceeds its overall market share and NPB's market share in moderate-income tracts is significantly below.

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

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

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

This portion of the evaluation was performed at the bank level. During the evaluation period, NPB originated a substantial majority of its loans in the combined AAs. During the evaluation period from 2003 to 2006, 87 percent of the number and 83 percent of the dollar amount of HMDA originations and purchases were within the bank's combined assessment area. The number and dollar amount of loans originated in the AAs during the evaluation period by product types are as follows: 81 percent of the number and 74 percent of the dollar amount of home purchase loans, 95 percent of the number and 79 percent of the dollar amount of home improvement loans, 86 percent of the number and 89 percent of the dollar amount of home refinance loans. Regarding small loans to businesses, 93 percent of the number and 91 percent of the dollar amount of total originations were within the combined AAs. For farm loans, 92 percent of the number and 89 percent of the dollar amount were within the combined AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The overall distribution of home mortgage loans by income level of the borrower is excellent. The borrower distribution of small loans to businesses is good. Based upon the review of small loans to farms in the limited scope Lancaster MSA, the geographic distribution is good.

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

For both the 2003 and 2004-2006 Evaluation Periods, the average median housing value for the Reading, PA. MSA was \$99,209 and a low-income individual or family earned less than \$26,851. Further, 9 percent of the households within the AA were below the poverty level and are considered very low-income.

For the 2004-2006 Evaluation Period, the market for loans to small businesses with revenues equal to or under \$1 million is very competitive. NPB ranks 10 out of 70 lenders with a market share of 2.67 percent. The top five national institutions and credit card companies control approximately 60 percent of the market share. NPB based on dollars ranks 2 out of the 70 lenders with a market share of 12.17 percent. That evidences NPB's desire to service the lending needs of small businesses.

### **Reading, PA MSA (6680) – 2003 Evaluation Period**

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

Tables 8, 9, and 10 for the 2003 Evaluation Period have been excluded from the appendix. We elected not to include the tables for this time period to keep the report to a reasonable size.

**Home Purchase Lending**

Borrower distribution of home purchase loans is excellent. The percent of loans originated to low-income borrowers significantly exceeds the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers meets the percent of moderate-income families in the AA. NPB's market share for low-income borrowers is significantly above its overall market share while the market share for moderate-income borrowers meets its overall market share.

**Home Improvement Lending**

Borrower distribution of home improvement loans is good. The percent of loans originated to low-income borrowers is near the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA. NPB's market share for low-income borrowers meets its overall market share while the market share for moderate-income borrowers exceeds its overall market share.

**Home Refinance Lending**

Borrower distribution of home refinance loans is good. The percent of loans originated to low-income borrowers is significantly lower than the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers exceeds the percent of moderate-income families in the AA. NPB's market share for low-income borrowers exceeds its overall market share. NPB's market share for moderate-income borrowers meets its overall market share.

**Small Loans to Businesses**

Table 11 for the 2003 Evaluation Period has been excluded from the appendix. We elected not to include the table for this time period to keep the report to a reasonable size.

The distribution of small loans to businesses is excellent when considering the distribution by size of loan and the strong competition from larger, nationwide lenders that offer small business credit cards.

The percent of small loans to businesses (businesses with gross annual revenues of \$1 million or less) meets the percent of businesses in the AA. NPB's market share of lending to small businesses significantly exceeds its overall market share. The distribution by size of loan shows that 57 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

**Reading, PA MSA (39740) – 2004-2006 Evaluation Period*****Home Mortgage Loans***

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

### **Home Purchase Lending**

Borrower distribution of home purchase loans is excellent. The percent of loans originated to low-income borrowers significantly exceeds the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers exceeds the percent of moderate-income families in the AA. NPB's market share for low-income borrowers significantly exceeds its overall market share. NPB's market share for moderate-income borrowers exceeds its overall market share.

### **Home Improvement Lending**

Borrower distribution of home improvement loans is excellent. The percent of loans originated to both low- and moderate-income borrowers significantly exceeds the percent of low- and moderate-income families in the AA. NPB's market share for low-income borrowers significantly exceeds its overall market share. NPB's market share for moderate-income borrowers exceeds its overall market share.

### **Home Refinance Lending**

Borrower distribution of home refinance loans is good. The percent of loans originated to low-income borrowers is below the percent of low-income families in the AA. The percent of loans originated to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA. NPB's market share for low-income borrowers significantly exceeds its overall market share. NPB's market share for moderate-income borrowers exceeds its overall market share.

### **Small Loans to Businesses**

Refer to Table 11 in the "State of Pennsylvania" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses is adequate when considering the distribution by size of loan and the strong competition from larger, nationwide lenders that offer small business credit cards.

The percent of small loans to businesses with gross annual revenues of \$1 million or less is significantly lower than the percent of businesses in the AA. NPB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that approximately 49 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the "State of Pennsylvania" section of appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that qualify as community development loans.

### **Reading, PA MSA (39740) – 2004-2006 Evaluation Period**

Community development loans had a positive impact on the lending test. NPB originated two loans for \$7.5 million that have a community development purpose and were not included in

the small business loan data. Both loans are to the Reading Area Community College and used for expansion of the college in a low-income census tract. Expansion will help to stabilize and revitalize the area by retaining and attracting new business and residents.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the lending test conclusion for the Reading AA.

NPB offers two specialized home mortgage loan financing programs, Target Mortgage Program and the Neighborhood Housing Services Program (NHS).

The Target Mortgage program is targeted at cities and towns with low- and moderate-income census tracts in the bank's AA. The program provides flexible underwriting such as 100 percent financing with no PMI. The bank fees are less than the standard market rate fees for underwriting and document preparation.

The bank participates with the NHS Reading for Berks County in their Special Mortgage Loan Program. NHS targets low- and moderate-income homebuyers as well as low- and moderate-income areas in the bank's AA. NHS underwriting guidelines are flexible which include financing below market rate with no doc prep or underwriting fees and NHS also requires mandatory counseling.

In 2004 the bank started a Special Home Improvement Loan Program with NHS. The underwriting guidelines are flexible. Borrowers are able to obtain a maximum amount of \$5M at a rate of 3 percent on these unsecured loans. NHS sends out rehab specialists to help the borrowers review the contracts and is responsible for assessing the home improvements.

During the evaluation period, NPB made 31 loans totaling \$996M under the NHS program and 97 loans totaling \$3,636M under the Target Mortgage Program. The bank originated a total of 29 loans totaling \$108M under the Special Home Improvement Loan Program.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Lancaster MSA (29540) and Allentown-Bethlehem-Easton MSA (10900) is not inconsistent with the bank's overall "High Satisfactory" performance in the state of Pennsylvania. In the Lancaster MSA, the bank's percent of small loans to farms exceeds the percent of farms with revenues of \$1 million or less. The bank's market share of small loans to farms meets its overall market share with approximately 70 percent of the loans \$100,000 or less. The bank's performance under the lending test in the State College MSA is weaker than the bank's overall "High Satisfactory" performance in the state of Pennsylvania because of the very limited number of loan originations and the acquisition into the new market only in early 2006. The weaker performance had very minimal impact on the overall lending rating.

Refer to the Tables 1 through 13 in the “State of Pennsylvania” section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank’s performance under the investment test in Pennsylvania is rated “Low Satisfactory”. Based on full-scope reviews, the bank’s performance in the Reading, PA MSA is adequate.

Statewide and regional investments, grants, and donations were considered, in their entirety, in the MSA they had potential to benefit. In cases where the investment, grant, or donation benefited more than one MSA, the investment was considered, in its entirety, to benefit the MSA designated by management. The prior period investments are also considered to benefit the MSA designated by management.

Refer to Table 14 in the “State of Pennsylvania” section of appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

#### **Reading, PA MSA (39740)**

NPB has an adequate level of qualified investments and grants, and exhibits an adequate responsiveness to credit and community economic development needs of the area. There are limited opportunities for CD investments in the AA.

During the evaluation period, a total of \$841 thousand in funds were dispersed in this MSA. NPB invested in two mortgage-backed securities (MBS) totaling \$643 thousand. All mortgages collateralizing these MBSs assigned to this MSA were originated to low- and moderate-income families in the AA.

Three prior period investments totaling \$1 million remain on the books. Two are LIHTCs and the third is a company stabilizing low- to moderate-income areas in Reading, Pennsylvania.

NPB made 39 grants and donations for a total of \$198 thousand to numerous organizations that provide economic development, affordable housing, and community services to low- and moderate-income individuals.

#### **Statewide/Broader Regional Area**

NPB contributed \$50 thousand to the American Red Cross for Katrina disaster aid during the evaluation period that did not benefit any of the bank’s assessment areas but did benefit a broader regional area. This investment will be reflected on the Statewide/Regional Investment line in the investment tables.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the Allentown-Bethlehem-Easton MSA is not inconsistent with the bank's overall "Low Satisfactory" performance under the investment test in the state of Pennsylvania. The bank's performance under the investment test in the Lancaster MSA and in the State College MSA is weaker than the bank's overall performance in the state. Investments in the Lancaster, PA MSA are limited to \$40 thousand in donations and \$1 thousand in donations in the State College, PA MSA. The bank's weaker performance in the Lancaster and State College MSAs had little impact on the bank's overall investment test rating.

Refer to Table 14 in the "State of Pennsylvania" section of appendix D for the facts and data that support these conclusions.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Pennsylvania is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Reading, PA MSA is good.

#### Reading, PA MSA (39740)

##### Retail Banking Services

Refer to Table 15 in the "State of Pennsylvania" section of appendix D for the facts and data used to evaluate the distribution of the bank's community office delivery system and community office openings and closings.

NPB's delivery systems are accessible to geographies and individuals of different income levels in the Reading, PA MSA. NPB operates 20 of its 85 community offices within this MSA. Of these community offices, one was in low-income geographies, one was in moderate-income geographies, thirteen were in middle-income geographies, and five were in upper-income geographies.

As a percent of the total number of community offices, 5 percent of the community offices were located in low-income geographies where 7.37 percent of the population resides, and 5 percent of the community offices were located in moderate-income geographies where 12.67 percent of the population resides. Consequently, the distribution of NPB's community offices in low-income geographies is near the percent of the population residing in such geographies, and the distribution of NPB's community offices in moderate-income geographies is lower than the percent of the population residing in such geographies.

Besides the one community office in both a low- and moderate-income geography, NPB has approximately four middle- and upper-income community offices that are close to all nine of the low-income geographies and at least half of the sixteen moderate-income geographies. These middle- and upper-income community offices allow delivery systems to be accessible to essentially all portions of the MD. In addition, NPB has three limited transaction remote ATMs

in the city of Reading. The services permitted by these ATMs are withdrawals, transfers and balance inquiries. Two are located in low-income areas and one is in a moderate-income geography.

During the evaluation period, NPB acquired or closed no community offices in the Reading MSA. NPB opened one new community office in this MSA. The one new community office which is a lending branch is located in an upper-income geography. The community office acquisitions, consolidations, opening, and closings have not adversely affected the accessibility of services to low- and moderate-income individuals or geographies.

The bank's services do not vary in a way that inconveniences certain low- and moderate-income geographies or low- and moderate-income individuals. A full line of traditional banking products and services are offered at all community offices. All but one of the community offices have extended hours of operations at least one day per week. All but one of the community offices have Saturday morning hours. Four of the community offices have Sunday morning hours. All but two community offices have drive-through services. All but two community offices are equipped with ATMs. In addition, there are six cash dispensing only remote ATMs and two full service remote ATMs.

NPB established a relationship in August, 1999 with the Berks Community Action Program whereby the bank supports savings accounts for their clients enrolled in Pennsylvania's matched savings program for low-income individuals. Approximately 288 accounts were opened during the evaluation period.

The bank offers alternative delivery systems in the form of ATMs, telephone, and Internet banking. However, no weight was placed on these services because a determination of the volume of use in low- and moderate-income geographies and by low- and moderate-income individuals is unavailable.

## **Community Development Services**

NPB is a leader in providing CD services within the Reading MSA. Bank management and employees gave financial and technical expertise through their involvement in several qualified community organizations, and through their participation in several small business workshops and seminars. Many of the community development services involved Neighborhood Housing Service of Reading (NHS). NHS's mission is affordable housing for low- and moderate-income individuals in the Reading AA, especially the low- and moderate-income geographies in Reading, PA. Management is also active in helping community development organizations and individuals who apply for loans or grants under the Federal Home Loan Bank's (FHLB) Affordable Housing or home improvement programs. The community development services are responsive to the community development needs in the assessment area. Their community development services enhanced small business and economic development as well as enhanced services targeted to low- and moderate-income individuals and families. The following is a partial list of CD services that were provided in the Reading MSA during the evaluation period.

- Personnel provide mortgage and home improvement loan servicing for NHS of Reading. As of July 2007, the bank is servicing 152 mortgages and serviced 21 home

improvement loans which were originated during the evaluation period. As of September 2007 the bank is servicing a little over \$1.6 million dollars, or approximately 79 percent of NHS's mortgage loans.

The bank sets up each NHS loan on their loan servicing system. NPB accepts and processes payments, prepares and mails monthly billing statements, issues payment reminder notices (if applicable), and provides a monthly payment summary to NHS. The bank also completes payoff letters when applicable.

The bank prepares and mails annual interest payment statements. NPB reports monthly payment histories to each of the three major credit reporting agencies and will work to research and resolve any questions concerning payment application.

- Bank employees serve on the Board, the Loan Administration and Real Estate Development Committees of NHS. The Real Estate Development Committee oversees the affordable housing development component of the organization and the home repair program. The Loan Administration Committee reviews loan requests, develops loan programs and establishes underwriting guidelines.
- Employees complied and submitted a home improvement grant proposal under a pilot program with NHS to the Federal Home Loan Bank Home Improvement Pilot Program.
- Bank employees completed and submitted grant applications under the Federal Home Loan Bank's First Front Door (formerly known as the Home Buyer Equity Fund) grant assistance program. This program provides a grant to lower income first time homebuyers for their use towards down payment and/or closing costs. Thirty grants were extended during the evaluation period.
- As a participant the bank created a Note and Subordinate Mortgage for use with this program. The bank must prepare the Note and Subordinate Mortgage for each grant recipient. Prior to grant distribution the bank must also complete a needs assessment form to determine the amount of eligible assistance and then funds each grant. After settlement bank representatives prepare a funds distribution request and submit to the FHLB for reimbursement.

Each grant is monitored until it is repaid or is fully forgiven after five years. No fees are charged in connection with the grant and, as a condition of participation, the bank must offer concessions on the first mortgage loan provided in connection with the grant.

#### Community Development Education Summary

- Numerous bank employees participated in at least six NHS's mortgage loan educational programs for low- and moderate-income persons.
- Several employees presented the basics of small business credit as well as SBA financing basics to low- to moderate-income individuals.

- Several employees spoke about basic deposit accounts and how to understand a credit report and a credit score to low- and moderate income individuals at six presentations.
- Several employees organized and participated in two neighborhood educational events that were in low- and moderate-income geographies. The employees provided education for home buyers on loan programs and opportunities for grants available for home improvements.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Allentown-Bethlehem-Easton MSA, the Lancaster MSA, and the State College MSA is not inconsistent with the bank's overall "High Satisfactory" performance under the service test in Pennsylvania.

Refer to Table 15 in the "State of Pennsylvania" section of appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/03 to 12/31/06) Investment and Service Tests and CD Loans: (11/18/03 to 09/24/07)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National Penn Bank (NPB) Boyertown, Pennsylvania	Home mortgage loans, small loans to businesses, small loans to farms, CD loans, investments and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
National Penn Investment Company	Wholly-owned subsidiary of holding company, National Penn Bancshares, Inc.	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980 Philadelphia, PA MD – 37964 Wilmington, DE-MD-NJ MD – 48864  State of Pennsylvania Reading, PA MSA 39740 Allentown-Bethlehem-Reading, PA-NJ MSA 10900 Lancaster, PA MSA 29549 State College, PA MSA 44300	Full-Scope Limited-Scope  Full-Scope Limited-Scope  Limited-Scope Limited-Scope	2003: 2000 demographics  2004-2006: 2000 demographics and revised MSA boundaries.

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS		BANK NAME		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
National Penn Bank	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
Multistate Metropolitan Area or State:				
MULTISTATE MA Philadelphia-Camden-Wilmington, PA-NJ-DE-MD 37980	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
State of Pennsylvania	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

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

### Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, MSA 37980 Philadelphia, PA MD-37964

Demographic Information for Full-Scope Area: Philadelphia, PA MD - 37964						
Demographic Characteristics	#	Low perce nt of #	Moderate percent of #	Middle percent of #	Upper percent of #	NA* percent of #
Geographies (Census Tracts/BNAs)	605	1.98	7.93	37.69	51.74	0.66
Population by Geography	2,305,725	1.12	7.20	35.25	56.26	0.16
Owner-Occupied Housing by Geography	633,326	0.60	4.99	34.10	60.31	0.00
Businesses by Geography	177,439	2.14	7.59	31.00	59.16	0.12
Farms by Geography	4,217	0.24	3.01	34.15	62.58	0.02
Family Distribution by Income Level	597,917	0.93	6.51	34.81	57.75	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	161,834	2.58	14.17	45.01	38.24	0.00
Median Family Income	= \$74,641					= \$166,863
HUD Adjusted Median Family Income for 2007	= \$69,200	Median Housing Value				= 4.6
Households Below the Poverty Level	= 6.29 percent	Unemployment Rate				percent

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, 2007 HUD updated MFI and U.S. Department of Labor 8/07 not seasonally adjusted unemployment rate.

In 2004, the OMB redefined the boundaries of several MSAs and also established newly defined areas called Metropolitan Divisions (MDs) based on the 2000 census. The bank's assessment area (AA) in this multistate MSA consists of all of Bucks, Chester, and Montgomery counties in Pennsylvania and portions of Philadelphia and Delaware counties. The Philadelphia, PA MD (37964) is a subset of the larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, MSA (37980). Under the pre-2004 boundaries, these counties were part of the Philadelphia Multistate MSA 6160. The AA complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

According to the 2000 U.S. Census Data, there are 605 census tracts in this AA. There are 12 low-income tracts, 48 moderate-income tracts, 228 middle-income tracts, 313 upper-income tracts, and 4 that have not been assigned an income classification.

The 2000 U.S. Census Data reported the total population of the assessment area at 12,305,725. This population was comprised of 876,968 households and 597,917 families. There are 913,745 housing units, of which, 82 percent were one to four family units and 29 percent were rental units. Owner-occupied housing is 69 percent, rental-occupied housing is 27 percent, and vacant housing is 4 percent. The median housing cost is \$166,863.

The median family income was \$74,641 and the HUD updated MSA median family income is \$69,200. Approximately 6 percent of the households are below poverty. Approximately 12 percent of the families in the AA are low-income, 15 percent are moderate-income, 21 percent are middle-income, and 52 percent are upper-income.

Based on the housing values and the median family income, there is lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$166,863, and a low-income individual or family earns less than \$34,600.

According to the 2006 Business Geodemographics, there are a total of 177,439 businesses and 4,217 farms. Approximately 2 percent of the businesses are located in low-income tracts, 8 percent are located in moderate-income tracts, 31 percent are located in middle-income tracts, and 59 percent are located in upper-income tracts. Approximately 67 percent of the businesses reporting have revenues less than \$1 million and approximately 70 percent of the businesses and farms reporting had less than 10 employees.

The primary industries in the AA are services and retail trade. Major employers in the AA include University of Pennsylvania, Merck & Co., Vanguard Group, Inc., Wyeth Pharmaceutical and Research, and Crozer Keystone Health System. The unemployment rate not seasonally adjusted, as of August 2007, for the Philadelphia MD is 4.6 percent, compared to the national unemployment rate of 4.6 percent.

There are a total of 45 community offices located in the Philadelphia MD, accounting for 98 percent of the total number of community offices within the multistate MSA. All but three of the community offices have extended hours of operation at least one day a week. Thirty two of the community offices have Saturday hours and two of the community offices have Sunday morning hours. Thirty three of the community offices offer drive-through services and thirty seven locations are equipped with ATMs. A full line of traditional banking products and services are offered at all community offices.

Based on the June 30, 2006 FDIC Deposit Market Share Report, NPB ranked ninth out of 98 institutions with a 1.92 percent market share. Competition for both loans and deposits is strong in this MD, particularly from larger multistate financial institutions. According to the June 30, 2005 deposit data, the major competitors are Wachovia Bank, NA, ranking first with a 20.40 percent market share; Citizens Bank of PA, ranking second with a 14.72 percent market share; Sovereign Bank ranking third with a 10.95 percent market share; PNC Bank, N.A. ranking fourth with a 8.11 percent market share and Commerce Bank, N.A. ranking fifth with a 7.26 percent market share. Based upon the 2005 HMDA peer mortgage data, NPB ranked 47th out of 758 lenders with 0.44 percent market share by number of loans. The top five lenders were Countrywide Home Loan, Wells Fargo Bank, N.A., Wachovia Bank, JPMorgan Chase Bank and Citi Mortgage, Inc. The top five lenders had a market share of 24 percent by number of loans.

During this examination, we reviewed recent community contacts to determine the credit needs of this area. We determined there is an overall credit need for funding to develop affordable housing, flexible home repair loans, access to funding for small businesses, education on how to qualify for small business loans, and education on how to obtain small business loans.

Lastly, there is a need for additional bank community offices in the low and moderate-income areas of Philadelphia.

**State of Pennsylvania  
Reading, PA MSA-39740**

Demographic Information for Full-Scope Area: Reading, PA MSA – 39740						
Demographic Characteristics	#	Low percent of #	Moderate percent of #	Middle percent of #	Upper percent of #	NA* percent of #
Geographies (Census Tracts/BNAs)	82	10.98	19.51	58.54	10.98	0.00
Population by Geography	373,638	7.37	12.67	64.96	15.00	0.00
Owner-Occupied Housing by Geography	104,693	3.01	10.08	70.43	16.49	0.00
Businesses by Geography	19,543	8.68	7.82	65.91	17.59	0.00
Farms by Geography	1,027	0.49	1.27	89	9.25	0.00
Family Distribution by Income Level	98,882	6.23	11.24	66.95	15.58	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	36,314	13.12	19.24	58.21	9.43	0.00
Median Family Income = \$53,702		Median Housing Value = \$99,209				
HUD Adjusted Median Family Income for 2007 = \$63,600		Unemployment Rate = 4.3 percent				
Households Below the Poverty Level = 8.80 percent						

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, 2007 HUD updated MFI and U.S. Department of Labor 8/07 not seasonally adjusted unemployment rate.

In 2004, the OMB redefined the boundaries of several MSAs based on the 2000 census. The bank’s AA in this MSA (39740) consists of all of Berks County. Under the pre-2004 boundaries, this county was MSA 6680. The AA complies with the CRA guidelines and does not arbitrarily exclude LMI geographies.

According to the 2000 U.S. Census Data, there are 82 census tracts in this AA. There are 9 low-income tracts, 16 moderate-income tracts, 48 middle-income tracts, and 9 upper-income tracts.

The 2000 U.S. Census Data reported the total population of the assessment area at 373,638. This population was comprised of 141,609 households and 98,882 families. There are 150,222 housing units, of which, 91 percent were one to four family units and 27 percent were rental units. Owner-occupied housing is 70 percent, rental-occupied housing is 25 percent, and vacant housing is 6 percent. The median housing cost is \$99,209.

The median family income was \$53,702 and the HUD updated MSA median family income is \$63,600. Approximately 9 percent of the households are below poverty. Approximately 18 percent of the families in the AA are low-income, 19 percent are moderate-income, 24 percent are middle-income, and 39 percent are upper-income.

Based on the housing values and the median family income, there is lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$99,209, and a low-income individual or family earns less than \$31,800.

According to the 2006 Business Geodemographics, there are a total of 19,543 businesses and 1,027 farms. Approximately 9 percent of the businesses are located in low-income tracts, 8 percent are located in moderate-income tracts, 66 percent are located in middle-income tracts, and 17 percent are located in upper-income tracts. Approximately 69 percent of the businesses reporting have revenues less than \$1 million and approximately 72 percent of the businesses and farms reporting had less than 10 employees.

The primary industries in the AA are manufacturing, retail trade, health care, and social assistance. Major employers in the AA include Reading Hospital and Medical Center, East Penn Manufacturing Co., Inc., County of Berks, Wal-Mart stores and Reading School District. The unemployment rate not seasonally adjusted, as of August 2007, for the Philadelphia MD is 4.6 percent, compared to the national unemployment rate of 4.6 percent.

There are a total of 20 community offices located in the Reading MSA, accounting for 51 percent of the total number of community offices within the State of Pennsylvania. All but one of the community offices have extended hours of operation at least one day a week. Sixteen of the community offices have Saturday hours and four of the community offices have Sunday morning hours. Fifteen of the community offices offer drive-through services and fifteen locations are equipped with ATMs. A full line of traditional banking products and services are offered at all community offices.

Based on the June 30, 2006 FDIC Summary of Deposits, NPB ranked second out of 21 institutions in the Reading MD with a 17.6 percent market share. Competition for both loans and deposits is strong in this MD, particularly from larger multistate financial institutions. Only Sovereign Bank ranks above NPB with a market share of 23.48 percent. Other major competitors for deposits included Wachovia Bank, NA, ranking third with a 15.10 percent market share and Citizens Bank of PA, ranking fourth with an 8.34 percent market share. Based upon the 2005 HMDA peer mortgage data, NPB ranked 47th out of 758 lenders with 0.44 percent market share by number of loans. The top five lenders were Countrywide Home Loan, Wells Fargo Bank, N.A., Wachovia Bank, JPMorgan Chase Bank and Citi Mortgage, Inc. The top five lenders had a market share of 24 percent by number of loans.

During this examination, we made a community contact to determine the credit needs of this area. We determined there is an overall credit need for funding to develop affordable housing, flexible home repair loans, and education to teach the process, terminology and responsibility of homeownership. A review of websites for Berks County Chamber of Commerce and Berks Economic Partnership indicates a need to create new jobs and economic vitality for Berks County through funding for small businesses and education on how to qualify for small business loans and succeed in starting a small business.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables included in each set:

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

- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of

the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

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

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

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

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

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's community offices in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Tables of Performance Data**

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**Multistate Metropolitan Area(s) Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA  
37980.....D5**

**State of Pennsylvania.....D18**

**Table 1. Lending Volume**

LENDING VOLUME												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980	
Evaluation Period: January 01, 2004 to December 31, 2006													
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		percent of Rated Area Deposits in MA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)		
<b>Full Review:</b>													
Philadelphia, PA MD 37964	98.58	2,304	237,037	1,957	411,274	320	33,556	16	24,010	4,597	705,877	99.06	
<b>Limited Review:</b>													
Wilmington, DE-MD-NJ, MD 48864	1.42	44	3,376	18	3,954	4	378	0	0	66	7,708	0.94	

\* Loan Data as of December 31, 2006. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is November 18, 2003 to September 24, 2007..

\*\*\* Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980													
Evaluation Period: January 01, 2004 to December 31, 2006															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share ( percent) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia, PA MD 37964	365	99.73	0.60	0.55	4.99	6.58	34.10	44.11	60.31	48.77	0.14	0.16	0.13	0.20	0.11
<b>Limited Review:</b>															
Wilmington, DE-MD-NJ, MD 48864	1	0.27	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.07	0.00	0.00	0.07	0.00

\* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980													
Evaluation Period: January 01, 2004 to December 31, 2006															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share ( %) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia, PA MD 37964	943	97.62	0.60	0.21	4.99	4.67	34.10	43.16	60.31	51.96	2.07	0.00	1.90	2.22	1.99
<b>Limited Review:</b>															
Wilmington, DE-MD-NJ, MD 48864	23	2.38	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	2.89	0.00	0.00	2.89	0.00

\* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980				
Evaluation Period: January 01, 2004 to December 31, 2006																
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share ( %) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	970	97.98	0.60	0.21	4.99	5.77	34.10	41.03	60.31	52.99	0.33	0.49	0.38	0.39	0.29	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ, MD 48864	20	2.02	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	0.31	0.00	0.00	0.31	0.00	

\* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980													
Evaluation Period: January 01, 2004 to December 31, 2006															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia, PA MD 37964	1955	99.09	2.14	1.07	7.59	7.62	31.00	33.81	59.16	57.49	0.46	0.28	0.37	0.53	0.47
<b>Limited Review:</b>															
Wilmington, DE-MD-NJ, MD 48864	18	0.91	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	0.32	0.00	0.00	0.40	0.00

\* Based on 2006 Peer Small Business Data: US. And PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percent of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2006.

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980				
Evaluation Period: January 01, 2004 to December 31, 2006																
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	320	98.77	0.24	0.00	3.01	1.88	34.15	76.25	62.58	21.88	23.60	0.00	4.17	34.41	11.80	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ, MD 48864	4	1.23	0.00	0.00	0.00	0.00	100.0	100.0	0.00	0.00	4.88	0.00	0.00	5.26	0.00	

\* Based on 2006 Peer Small Business Data: US. And PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percent of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2006.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980				
Evaluation Period: January 01, 2004 to December 31, 2006																
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total*	% Families**	% BANK Loans**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	365	99.73	12.52	10.03	14.54	17.15	21.13	13.59	51.80	59.22	0.13	0.33	0.20	0.09	0.13	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ, MD 48864	1	0.27	18.29	0.00	22.30	0.00	27.56	0.00	31.85	100.00	0.09	0.00	0.00	0.00	0.24	

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percent of loans with borrower income information available. No information was available for 15.3 percent of loans originated and purchased by Bank.

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

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980				
Evaluation Period: January 01, 2004 to December 31, 2006																
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid
<b>Full Review:</b>																
Philadelphia, PA MD 37964	943	97.62	12.52	11.15	14.54	19.02	21.13	28.63	51.80	41.20	2.04	2.88	2.43	2.24	1.71	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ, MD 48864	23	2.38	18.29	26.09	22.30	13.04	27.56	30.43	31.85	30.43	2.98	9.76	1.35	3.77	0.00	

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percent of loans with borrower income information available. No information was available for 2.9 percent of loans originated and purchased by Bank.

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

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

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980				
Evaluation Period: January 01, 2004 to December 31, 2006																
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	970	97.98	12.52	10.89	14.54	18.41	21.13	22.98	51.80	47.71	0.36	0.59	0.42	0.39	0.30	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ, MD 48864	20	2.02	18.29	10.53	22.30	26.32	27.56	31.58	31.85	31.58	0.37	0.00	0.44	0.17	0.64	

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percent of loans with borrower income information available. No information was available for 5.4 percent of loans originated and purchased by Bank.

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

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980				
Evaluation Period: January 01, 2004 to December 31, 2006									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Philadelphia, PA MD 37964	1,957	99.09	67.42	46.09	48.54	23.91	27.54	0.46	0.55
<b>Limited Review:</b>									
Wilmington, DE-MD-NJ, MD 48864	18	0.91	71.80	27.78	50.00	16.67	33.33	0.32	0.25

\* Based on 2006 Peer Small Business Data: US. And PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percent of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percent of all businesses (Source D&B - 2006).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percent of all loans reported as small loans to businesses. No information was available for 2.08 percent of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS					Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980				
Evaluation Period: January 01, 2004 to December 31, 2006									
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Philadelphia, PA MD 37964	320	98.77	88.57	74.38	67.19	21.88	10.94	23.60	25.72
<b>Limited Review:</b>									
Wilmington, DE-MD-NJ, MD 48864	4	1.23	93.33	100.0	50.00	50.00	0.00	4.88	6.45

\* Based on 2006 Peer Small Business Data: US. and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percent of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percent of all farms (Source D&B - 2006).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percent of all loans reported as small loans to farms. No information was available for 6.17 percent of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980							
Evaluation Period: November 18, 2003 to September 24, 2007									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Philadelphia, PA MD 37964	3	1,612	118	1,870	121	3,482	34.66	0	0
<b>Limited Review:</b>									
Wilmington, DE-MD-NJ, MD 48864	0	0	0	0	0	0	0	0	0
Statewide/Regional	2	4,564	2	2,000	4	6,564	65.34	1	282

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-DE-MD MSA 37980																	
Evaluation Period: November 18, 2003 to September 24, 2007																	
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies ( %)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Philadelphia, PA MD 37964	99.06	45	97.83	0.00	11.11	40.00	44.44	8	3	0	1	0	4	1.12	7.20	35.25	56.26
<b>Limited Review:</b>																	
Wilmington, DE-MD-NJ, MD 48864	0.94	1	2.17	0.00	0.00	100.00	0.00	1	0	0	0	1	0	0.00	0.00	100.00	0.00

**Table 1. Lending Volume**

LENDING VOLUME												Geography: STATE OF PENNSYLVANIA	
Evaluation Period: January 1, 2004 to December 31, 2006													
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)		
<b>Full Review:</b>													
Reading, PA MSA 39740	44.97	1,568	93,189	661	130,526	16	3,497	2	7,500	2,247	234,712	62.84	
<b>Limited Review:</b>													
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	10.99	375	32,059	171	43,714	0	0	3	350	549	76,123	10.16	
Lancaster, PA MSA 29540	38.50	489	68,671	454	50,217	981	97,409	0	0	1,924	216,297	12.41	
State College, PA MSA 44300	5.54	199	26,808	78	10,070	0	0	0	0	277	36,878	14.59	

\* Loan Data as of December 31, 2006. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is November 18, 2003 to September 24, 2007.

\*\*\* Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: STATE OF PENNSYLVANIA													
Evaluation Period: January 1, 2004 to December 31, 2006															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Reading, PA MSA 39740	227	39.48	3.01	11.89	10.08	29.96	70.43	48.46	16.49	9.69	0.85	3.29	2.38	0.54	0.47
<b>Limited Review:</b>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	68	11.82	1.99	8.82	16.01	10.29	47.90	36.76	34.11	44.12	0.13	0.16	0.06	0.14	0.20
Lancaster, PA MSA 29540	173	30.09	0.00	0.00	2.38	6.36	97.62	93.64	0.00	0.00	1.52	0.00	8.33	1.46	0.00
State College, PA MSA 44300	107	18.61	0.16	3.74	18.90	9.35	48.00	41.12	32.94	45.79	0.04	0.00	0.00	0.08	0.00

\* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

**Table 3. Geographic Distribution of Home Improvement Loans**

MA/Assessment Area:		Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share ( %) by Geography*				
		#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																
Reading, PA MSA 39740	607	69.53	3.01	3.95	10.08	5.44	70.43	76.28	16.49	14.33	9.43	8.08	6.39	10.34	7.62	
<b>Limited Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	108	12.37	1.99	5.56	16.01	19.44	47.90	36.11	34.11	38.89	1.15	6.67	1.17	0.80	1.35	
Lancaster, PA MSA 29540	123	14.09	0.00	0.00	2.38	2.44	97.62	97.56	0.00	0.00	4.09	0.00	16.67	3.93	0.00	
State College, PA MSA 44300	35	4.01	0.16	0.00	18.90	11.43	48.00	28.57	32.94	60.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: STATE OF PENNSYLVANIA													
Evaluation Period: January 1, 2004 to December 31, 2006															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share ( %) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Reading, PA MSA 39740	726	62.21	3.01	0.83	10.08	4.68	70.43	79.75	16.49	14.74	2.41	1.06	1.78	2.73	1.58
<b>Limited Review:</b>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	196	16.79	1.99	2.04	16.01	22.96	47.90	43.88	34.11	31.12	0.46	0.30	0.80	0.46	0.31
Lancaster, PA MSA 29540	193	16.54	0.00	0.00	2.38	10.36	97.62	89.64	0.00	0.00	2.16	0.00	21.74	1.91	0.00
State College, PA MSA 44300	52	4.46	0.16	0.00	18.90	13.46	48.00	36.54	32.94	50.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Mortgage Data: Eastern Region.

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

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: STATE OF PENNSYLVANIA				
Evaluation Period: January 1, 2004 to December 31, 2006																
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Reading, PA MSA 39740	661	48.50	8.68	6.20	7.82	2.87	65.91	71.26	17.59	19.67	2.09	2.84	0.64	2.17	2.25	
<b>Limited Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	171	12.54	6.99	7.02	17.35	17.54	44.63	43.86	31.04	31.58	0.25	0.39	0.46	0.19	0.26	
Lancaster, PA MSA 29540	454	33.31	0.00	0.00	4.38	11.67	95.62	88.33	0.00	0.00	1.12	0.23	2.00	1.23	0.19	
State College, PA MSA 44300	77	5.65	13.71	9.09	14.54	10.39	39.09	46.75	32.17	33.77	1.81	1.79	1.47	2.00	1.82	

\* Based on 2006 Peer Small Business Data: US. and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percent of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2006).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS												Geography: STATE OF PENNSYLVANIA				
Evaluation Period: January 1, 2004 to December 31, 2006																
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
None																
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	981	98.40	0.00	0.00	2.30	15.60	97.70	84.40	0.00	0.00	27.86	0.00	78.75	25.31	15.00	

\* Based on 2006 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percent of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2006).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE												Geography: STATE OF PENNSYLVANIA				
Evaluation Period: January 1, 2004 to December 31, 2006																
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total*	% Families**	% BANK Loans**	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Reading, PA MSA 39740	227	39.48	17.73	38.14	19.00	20.00	24.38	12.09	38.90	29.77	0.94	3.57	1.05	0.21	0.71	
<b>Limited Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	68	11.82	19.26	1.67	19.25	23.33	22.82	16.67	38.66	58.33	0.14	0.09	0.07	0.16	0.17	
Lancaster, PA MSA 29540	173	30.09	15.03	10.90	19.84	33.33	27.78	24.36	37.36	31.41	1.53	2.11	2.69	1.08	1.12	
State College, PA MSA 44300	107	18.61	18.06	10.00	19.42	19.00	23.44	26.00	39.09	45.00	0.04	0.00	0.00	0.00	0.09	

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percent of loans with borrower income information available. No information was available for 7.7 percent of loans originated and purchased by Bank.

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

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

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT												Geography: STATE OF PENNSYLVANIA					
Evaluation Period: January 1, 2004 to December 31, 2006																	
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*						
	#	% of Total**	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Reading, PA MSA 39740	607	69.53	17.73	20.75	19.00	24.70	24.38	24.01	38.90	30.53	9.32	13.21	10.60	7.71	7.93		
<b>Limited Review:</b>																	
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	108	12.37	19.26	10.28	19.25	30.84	22.82	26.17	38.66	32.71	1.17	1.37	2.61	0.78	0.68		
Lancaster, PA MSA 29540	123	14.09	15.03	14.05	19.84	22.31	27.78	31.40	37.36	32.23	4.09	7.79	3.41	4.48	3.26		
State College, PA MSA 44300	35	4.01	18.06	6.06	19.42	12.12	23.44	21.21	39.09	60.61	0.00	0.00	0.00	0.00	0.00		

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percent of loans with borrower income information available. No information was available for 3.3 percent of loans originated and purchased by Bank.

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

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

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: STATE OF PENNSYLVANIA					
Evaluation Period: January 1, 2004 to December 31, 2006																	
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*						
	#	% of Total**	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Reading, PA MSA 39740	726	62.21	17.73	14.69	19.00	25.25	24.38	28.10	38.90	31.95	2.72	4.41	3.13	2.38	2.35		
<b>Limited Review:</b>																	
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	196	16.79	19.26	11.58	19.25	19.47	22.82	27.89	38.66	41.05	0.52	0.67	0.49	0.38	0.60		
Lancaster, PA MSA 29540	193	16.54	15.03	10.00	19.84	24.74	27.78	32.63	37.36	32.63	2.50	3.28	2.10	3.09	2.09		
State College, PA MSA 44300	52	4.46	18.06	2.04	19.42	6.12	23.44	28.57	39.09	63.27	0.00	0.00	0.00	0.00	0.00		

\* Based on 2005 Peer Mortgage Data: Eastern Region.

\*\* As a percent of loans with borrower income information available. No information was available for 3.2 percent of loans originated and purchased by Bank.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Evaluation Period: January 1, 2004 to December 31, 2006					Geography: STATE OF PENNSYLVANIA				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Reading, PA MSA 39740	661	48.50	68.90	49.77	48.71	25.87	25.42	2.09	2.67
<b>Limited Review:</b>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	171	12.54	66.39	46.78	40.94	22.81	36.26	0.25	0.25
Lancaster, PA MSA 29540	454	33.31	69.64	77.97	71.15	18.50	10.35	1.12	1.95
State College, PA MSA 44300	77	5.65	64.50	64.10	67.95	20.51	11.54	1.81	2.89

\* Based on 2006 Peer Small Business Data: US and PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percent of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percent of all businesses (Source D&B - 2006).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percent of all loans reported as small loans to businesses. No information was available for 1.69 percent of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS					Geography: STATE OF PENNSYLVANIA				
Evaluation Period: January 1, 2004 to December 31, 2006									
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
None									
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	981	98.40	93.09	94.19	69.52	18.96	11.52	27.86	30.22

\* Based on 2006 Peer Small Business Data: US. and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percent of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percent of all farms (Source D&B - 2006).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percent of all loans reported as small loans to farms. No information was available for 2.71 percent of small loans to farms originated and purchased by Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: STATE OF PENNSYLVANIA							
Evaluation Period: November 18, 2003 to September 24, 2007									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Reading, PA MSA 39740	3	959	41	841	44	1,800	55.51	0	0
<b>Limited Review:</b>									
Allentown-Bethlehem- Easton, PA-NJ MSA 10900	2	1,226	28	126	30	1,352	41.69	0	0
Lancaster, PA MSA 29540	0	0	12	40	12	40	1.23	0	0
State College, PA MSA 44300	0	0	1	1	1	1	0.03	0	0
Statewide/Regional	0	0	1	50	1	50	1.54	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: STATE OF PENNSYLVANIA																	
Evaluation Period: November 18, 2003 to September 24, 2007																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies ( %)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Reading, PA MSA 39740	62.84	20	51.28	5.00	5.00	65.00	25.00	1	0	0	0	0	1	7.37	12.67	64.96	15.00
<b>Limited Review:</b>																	
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	10.16	9	23.08	0.00	11.11	33.33	55.56	2	0	0	0	1	1	5.93	20.85	44.06	29.16
Lancaster, PA MSA 29540	12.41	5	12.82	0.00	20.00	80.00	0.00	5	1	0	1	3	0	0.00	3.15	96.85	0.00
State College, PA MSA 44300	14.59	5	12.82	20.00	0.00	40.00	40.00	5	0	1	0	2	2	7.31	17.66	40.93	30.11