



## **PUBLIC DISCLOSURE**

June 03, 2013

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

National Penn Bank  
Charter Number 2137

Reading and Philadelphia Aves  
Boyertown, PA 19512

Office of the Comptroller of the Currency

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Suite 610  
Edison, NJ 08837

**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 **Outstanding**.

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

Performance Levels	National Penn Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		X
High Satisfactory		X	
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:

- Lending levels reflect excellent responsiveness to the community credit needs of its assessment areas.
- A substantial majority of home mortgage loans and small loans to businesses are originated within the bank's combined assessment areas.
- The distribution of loans to borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size.
- The overall geographic distribution of loans reflects good penetration throughout the assessment areas.
- Community development lending had a positive impact on the Lending Test rating.
- NPB has a significant level of qualified community development investments, donations, and grants.
- Service delivery systems are readily accessible to individuals of different income levels in the assessment area.
- 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:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

National Penn Bank (NPB), headquartered in Boyertown, Pennsylvania, is an interstate community bank with total assets of \$8.3 billion as of March 31, 2013. NPB operates 120 full service branches in Pennsylvania and one branch in Maryland through NPB and NPB's HomeTowne Heritage Bank, KNBT, and Nittany Bank divisions. As of February 2013, HomeTowne Heritage, KNBT, and Nittany banking divisions were renamed under the NPB name. In addition, NPB has five loan centers with branch authorization.

NPB is a wholly owned subsidiary of National Penn Bancshares, Inc. (NPBI), also headquartered in Boyertown, Pennsylvania. NPBI has two wholly owned subsidiaries: NPB and National Penn Investment Company. In December 2010, NPBI sold its interest in Christiana Bank & Trust Company (CBT). The sale included two commercial banking branches in Delaware. National Penn Investment Company is an investment subsidiary that holds a portion of NPB's investment portfolio.

NPB is a full-service community bank offering a wide range of commercial and personal banking products to meet the needs of its PA and MD markets. Commercial banking remains NPB's primary business focus. NPB's commercial and consumer products and services include various traditional deposit and loan products. NPB is a Small Business Administration (SBA) lender under the Preferred Lender Program. The bank is also an active participant in the secondary residential mortgage market. In addition to offering commercial and personal banking products, various divisions within the bank focus on specific markets, such as private banking, mutual fund and investment products, and residential mortgage lending.

NPB has nine operating subsidiaries, and they are highlighted below. Subsidiary activities were not considered and had no impact on the bank's CRA performance.

- National Penn Wealth Management, N.A and its National Penn Investors Trust Company division provide investment management and fiduciary services.
- National Penn Capital Advisors, Inc. and its Resources for Retirement, Inc. division provide investment advisory and retirement planning services.
- Institutional Advisors, LLC is a registered investment advisor, providing investment management services.
- National Penn Insurance Services Group, Inc. and its Higgins Insurance division and Caruso Benefits Group, Inc. division provide personal, commercial, and employer-sponsored medical and benefit programs as well as group benefits with an emphasis on medical, life, and disability.
- National Penn Management Services, LLC provides management consulting services.
- DFM Realty, Inc. is a real estate holding company for NPB's other real estate owned properties.
- Link Financial Services, Inc. is a life insurance agency, and its subsidiary Link Abstract, L.P. is a title insurance agent.
- NPB Delaware, Inc. holds investment securities as passive investments.
- National Penn Settlement Services, LLC is a title insurance agent and settlement services provider.

Since the last evaluation, NPB decreased its branch footprint from 133 branches to 126 branches through the closing of eight branches and the opening of four branches. NPB also closed one mobile office and two cyber offices. There was no merger and acquisition activity during the evaluation period. Branch activities are fully discussed in the Service Test section of this Performance Evaluation. NPB's assessment area (AA) includes all of Berks, Lehigh, Northampton, Carbon, Bucks, Chester, Montgomery, Lancaster, Luzerne, Centre, Monroe, and Schuylkill counties in Pennsylvania. NPB's AA also includes portions of Philadelphia and Delaware counties in Pennsylvania and a portion of Cecil County in Maryland.

As of March 31, 2013, NPB's net loans and leases were \$5.1 billion, representing 62% of total assets. The loan portfolio mix is 56% commercial real estate and commercial loans, 33% residential real estate loans, 4% construction and development, 4% loans to individuals, and 3% agriculture, municipal, and other loans. As of March 31, 2013, Tier 1 Capital was \$785 million.

The banking and financial services industry is extremely competitive in NPB's market area. Local competition comes from commercial banks, savings and loan associations, credit unions, finance companies, trust companies, and mortgage companies. Many of these competitors are significantly larger than NPB and have greater resources, lending limits, larger branch systems, and a wider array of financial services than NPB. NPB's primary competitors for deposits include Wells Fargo Bank, NA, PNC Bank, NA, Sovereign Bank, NA, Citizens Bank of Pennsylvania, Bank of America, NA, and TD Bank, NA. NPB's primary competitors for loans are Wells Fargo Bank, NA, JPMorgan Chase Bank, NA, Bank of America, NA, GMAC Mortgage Inc., Ally Bank, and Sovereign Bank, NA.

There are no financial or legal impediments to hinder NPB's ability to help meet the credit needs of the communities it serves. NPB's last Public Evaluation (PE) dated April 5, 2010, assigned an overall "Satisfactory" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of Community Development (CD) Loans, is January 1, 2010 through December 31, 2012. This review will be impacted by the 2010 census changes that went into effect on January 1, 2012. Due to these changes, loan data from 2010 and 2011 cannot be combined with loan data from 2012 as each set will be evaluated under different census data. Loan data between January 1, 2010 and December 31, 2011 will be evaluated against 2000 census data. Loan data between January 1, 2012 and December 31, 2012 will be evaluated against 2010 census data. This will result in multiple analyses and multiple presentations of this data throughout this PE. Lending market share data and statistics will continually be based on 2011 Peer Mortgage Data as 2012 Peer Mortgage Data was not yet been finalized at the time of this review.

Conclusions regarding the bank's lending performance are based on Home Mortgage Disclosure Act (HMDA) reportable loans and small business loans from January 1, 2010 through December 31, 2012. The volume of small loans to farms is only meaningful for the Lancaster, PA Metropolitan Statistical Area (MSA). Therefore, an analysis of small loans to farms was only performed for that AA. There were a minimal number of multifamily loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. The Lending Tables for multifamily loans have been eliminated.

For CD Loans, and the Investment and Service Tests, the evaluation period is from April 6, 2010 through June 3, 2013. The Investment Test included a review of investments, grants, and donations made in the bank's AAs that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at June 3, 2013 were given appropriate consideration. The Service Test included a review of retail and community development services provided in the bank's AAs.

### Data Integrity

Prior to this examination, we tested the accuracy of NPB's HMDA and CRA or small business data. Results of this testing evidenced the data is reasonably accurate and can be relied upon for this CRA evaluation.

### Selection of Areas for Full Scope Review

Based on our review of HMDA and CRA data, branch dispersion, deposit market share, and demographic information, we identified the following assessment areas for full-scope review: Philadelphia Metropolitan Division (MD), which is part of the larger Philadelphia-Camden-Wilmington MSA; Allentown-Bethlehem-Easton MSA; and Reading MSA.

We conducted limited scope reviews on the following assessment areas: Wilmington MD, which is part of the larger Philadelphia-Camden-Wilmington MSA, Lancaster MSA, Scranton-Wilkes-Barre MSA, State College MSA, Schuylkill County non-MSA, Monroe County non-MSA, and York-Hanover MSA.

The AAs are consistent with the requirements of the regulation. They do not arbitrarily exclude low- or moderate-income geographies. The assessment areas do not reflect illegal discrimination.

## **Ratings**

The bank's overall rating is a blend of the Multistate Metropolitan Area Rating and the State Rating. The Multistate Metropolitan Area rating and the State Rating are based primarily on those areas that received full scope reviews. The State of Pennsylvania 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. Within the State of Pennsylvania, the Allentown-Bethlehem-Easton MSA was rated more heavily than the Reading MSA. The Lending Test rating was weighted more heavily than the Investment or Service Test. Within the Lending Test, home mortgages received a higher weight than small loans to businesses as home mortgages accounted for 62% of originations in the AAs. Within home mortgage lending, we placed more weight on home refinance lending than home purchase or home improvement lending. Home refinance lending accounted for 53% of all home mortgage originations.

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

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **Multistate Metropolitan Area Rating**

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

**CRA rating for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA<sup>1</sup>: Outstanding**

**The Lending Test is rated: High Satisfactory**

**The Investment Test is rated: Outstanding**

**The Service Test is rated: Outstanding**

The major factors that support this rating include:

- Lending levels reflect good responsiveness to the community credit needs of its assessment areas.
- A substantial majority of home mortgage loans and small loans to businesses are originated within the bank's combined assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of loans to borrowers reflects good penetration among retail customers of different income levels and business customers of different size.
- Community development lending had a positive impact on the Lending Test rating.
- The bank made an excellent level of qualified community development investments, donations, and grants.
- Service delivery systems are readily accessible to individuals of different income levels in the assessment area.
- NPB is a leader in providing community development services.

### **Description of Institution's Operations in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area (MSA) 37980**

NPB operates in two AAs within the Philadelphia-Camden-Wilmington Multistate MSA: the Philadelphia Metropolitan Division (MD) and the Wilmington MD. NPB has 45 branches within the Philadelphia-Camden-Wilmington MSA, which represents 36% of the bank's total branch network. Approximately 31% of the bank's total deposits are within this MSA. Based on the June 30, 2012 Federal Deposit Insurance Corporation (FDIC) Summary of Deposit data, NPB ranked 19 out of 143 institutions with a 0.42% deposit market share in the Philadelphia-

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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.

Camden-Wilmington MSA. The bank's primary competitors are FIA Card Services, NA, ING Bank, FSB, TD Bank, NA, Chase Bank USA, NA, and Wells Fargo Bank, NA.

For the evaluation period using 2000 census data, NPB originated 22% of its total HMDA reportable loans and 42% of total small business loans within this MSA. For the evaluation period using 2010 census data, NPB originated 24% of its total HMDA reportable loans and 43% of its total small business loan volume within this MSA.

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 assessment area.

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

The Philadelphia-Camden-Wilmington MSA rating is based primarily on those areas that received full scope reviews. We conducted a full-scope review of the Philadelphia Metropolitan Division because the majority of NPB's branches, deposits, and loan originations are located in this AA.

#### **Philadelphia, PA Metropolitan Division 37964**

There are 44 branches in this AA. In the Multistate MSA, approximately 99% of the bank's deposits, 99% of the bank's home mortgage lending, and 99% of the bank's small loans to businesses were originated in the Philadelphia MD. Approximately 48% of the loans originated from January 1, 2010 to December 31, 2012 were small loans to businesses, with home mortgage loans accounting for 41%. Small loans to farms make up the remaining 11%.

#### **Wilmington, DE-MD-NJ Metropolitan Division 48864**

We conducted a limited scope review of the Wilmington MD because of the bank's low deposit and lending volumes in this AA. There is one branch in this AA. Within the larger MSA, approximately 1% of the deposits, 1% of the bank's home mortgage lending, and 1% of small loans to businesses were originated in this AA.

#### **Community Contact**

We conducted one community contact during this evaluation to identify community development needs and opportunities within the Philadelphia MD assessment area. Refer to the Market Profile section in Appendix C for details.

### **LENDING TEST**

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

The bank's performance under the Lending 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.

## **Lending Activity**

Lending levels reflect good responsiveness to assessment area credit needs after taking into consideration the level of competition in the AA.

Refer to Table 1 Lending Volume in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for the facts and data used to evaluate the bank's lending activity.

### **Philadelphia, PA Metropolitan Division 37964**

NPB's lending activity in the Philadelphia MD assessment area is good, and lending levels reflect good responsiveness to the credit needs of the community. Approximately 31% of the bank's total deposits across 44 branches are located in this AA. According to the June 30, 2012 FDIC Summary of Deposit Market Share report, NPB had a 1.74% deposit market share in the Philadelphia MD, ranking the bank 10<sup>th</sup> among 94 institutions. Major competitors are Wells Fargo, NA (ranked 1<sup>st</sup> with a 21.80% deposit market share), Citizens Bank of Pennsylvania (ranked 2<sup>nd</sup> with a 14.71% deposit market share), PNC Bank, NA (ranked 3<sup>rd</sup> with a 10.68% deposit market share), and TD Bank, NA (ranked 4<sup>th</sup> with a 10.10% deposit market share).

The 2011 Peer Mortgage Data indicates NPB ranked 42<sup>nd</sup> out of 625 mortgage lenders with a market share of 0.44%. Although the bank's market share in home mortgage lending is below the bank's deposit market share in this AA, NPB's performance is adequate when considering the competition from larger regional and nationwide mortgage lenders.

Based on the 2011 Peer Small Business data, NPB is ranked 14<sup>th</sup> out of 136 lenders with a market share of 1.12% for the number of loans in the AA. The top three lenders are large, nationwide lenders that offer small business credit cards. From a total dollar amount perspective, NPB ranked 3<sup>rd</sup> with a market share of 7.04%. NPB's performance is considered good in comparison to the bank's deposit market share.

For the evaluation period using the 2000 census data, NPB originated approximately 20% of all home mortgage loans and 39% of all small loans to businesses in this AA. Of the total loans originated in this AA, 48% of the loans were small loans to businesses and 41% were home mortgage loans. Among home mortgage originations in this AA, 25% were home purchase loans, 21% were home improvement loans, and 54% were home refinance loans.

For the evaluation period using the 2010 census data, NPB originated approximately 23% of all home mortgage loans and 41% of all small loans to businesses in this AA. Of the total loans originated in this AA, 48% of the loans were small loans to businesses and 39% were home mortgage loans. Among home mortgage originations in this AA, 35% were home purchase loans, 12% were home improvement loans, and 53% were home refinance loans.

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

The overall geographic distribution of loans reflects good penetration throughout the assessment area. The overall geographic distribution of home mortgage loans is good. The overall geographic distribution of small loans to businesses is good.

**Philadelphia, PA Metropolitan Division 37964**

The overall geographic distribution of loans reflects good penetration throughout the assessment area. The geographic distribution of home mortgage loans is good, and the geographic distribution of small loans to businesses is good.

*Home Mortgage Loans*

Refer to Tables 2, 3, and 4 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for the 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 lending is good. For both evaluation periods, NPB did not originate home purchase loans in low-income geographies. For both evaluation periods, owner-occupied units in low-income geographies made up less than 1% of total owner-occupied units in the AA.

For both evaluation periods, the percentage of home purchase lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home purchase lending in moderate-income geographies exceeds its overall market share in home purchase lending.

*Home Improvement Lending*

The geographic distribution of home improvement lending is excellent. For both evaluation periods, the percentage of home improvement lending in low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in low-income geographies exceeds its overall market share in home improvement lending. According to 2011 Peer Mortgage data, NPB ranked 2<sup>nd</sup> with a 14.81% market share in the number of home improvement loans to low-income geographies in the AA. NPB ranked 1<sup>st</sup> with a 57% market share in the dollar amount of home improvement loans to low-income geographies in the AA.

For the evaluation period using the 2000 census data, the percentage of home improvement lending in moderate-income geographies is near the percentage of owner-occupied housing units in these geographies. For the evaluation period using the 2010 census data, the percentage of home improvement lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in moderate-income geographies is near its overall market share in home improvement lending.

*Home Refinance Lending*

The geographic distribution of home refinance lending is good. For the evaluation period using the 2000 census data, NPB did not originate home refinance loans in low-income geographies. For the evaluation period using the 2010 census data, the percentage of home refinance lending in low-income geographies is near the percentage of owner-occupied housing units in these geographies.

For the evaluation period using the 2000 census data, the percentage of home refinance lending in moderate-income geographies is near the percentage of owner-occupied housing units in moderate-income geographies. For the evaluation period using the 2010 census data, the percentage of home refinance lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units in moderate-income geographies. NPB's market share of home refinance lending in moderate-income geographies exceeds its overall market share in home refinance lending.

#### *Small Loans to Businesses*

Refer to Table 6 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. For the evaluation period using the 2000 census data, the percentage of small loans to businesses in low-income geographies is lower than the percentage of businesses located in low-income geographies. For the evaluation period using the 2010 census data, the percentage of small loans to businesses in low-income geographies is somewhat lower than the percentage of businesses located in low-income geographies. NPB's market share of small loans to businesses in low-income geographies is lower than its overall market share.

For both evaluation periods, the percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses located in the moderate-income geographies. NPB's market share of small loans to businesses in moderate-income geographies is near its overall market share.

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

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

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

NPB originated a substantial majority of its loans in its combined assessment areas during both evaluation periods. During the combined evaluation period, 92% of the number and 92% of the dollar amount of total home mortgage and small loans to businesses were originated within the bank's assessment area. NPB originated 92% of the number and 91% of the dollar amount of total HMDA reportable loans within its combined AAs during the evaluation periods. 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 distribution of loans to borrowers reflects good penetration among retail customers of different income levels and business customers of different size. The overall distribution of home mortgage loans to borrowers of different income levels is excellent. The overall distribution of loans to businesses of different sizes is adequate.

**Philadelphia, PA Metropolitan Division 37964**

The overall distribution of loans to borrowers of different income levels and businesses of different sizes in this AA reflects good penetration. NPB's distribution of home mortgage loans by borrower income level is excellent, and NPB's distribution of small loans to businesses is adequate.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in the AA was \$324,508, and the average salary for low-income families is less than \$39,600. The lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families.

*Home Mortgage Loans*

Refer to Tables 8, 9, and 10 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

*Home Purchase Lending*

The borrower distribution for home purchase lending is excellent. For the evaluation period using the 2000 census data, the percentage of home purchase lending to low-income borrowers exceeds the percentage of low-income families in the AA. For the evaluation period using the 2010 census data, the percentage of home purchase lending to low-income borrowers is near the percentage of low-income families in the AA. NPB's market share of home purchase loans to low-income borrowers exceeds its overall market share of home purchase loans.

For both evaluation periods, the percentage of home purchase lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home purchase loans to moderate-income borrowers exceeds its overall market share of home purchase loans.

*Home Improvement Lending*

The borrower distribution for home improvement lending is excellent. For both evaluation periods, the percentage of home improvement lending to low-income borrowers exceeds the percentage of low-income families in the AA. NPB's market share of home improvement loans to low-income borrowers exceeds its overall market share of home improvement loans.

For both evaluation periods, the percentage of home improvement lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home improvement loans to moderate-income borrowers exceeds its overall market share of home improvement loans.

*Home Refinance Lending*

The borrower distribution for home refinance lending is good. For both evaluation periods, the percentage of home refinance lending to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. NPB's market share of home refinance loans to low-income borrowers exceeds its overall market share of home refinance loans.

For both evaluation periods, the percentage of home refinance lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home refinance loans to moderate-income borrowers exceeds its overall market share of home refinance loans.

#### *Small Loans to Businesses*

Refer to Table 11 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate MSA 37980 section of Appendix D for data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is adequate when considering the strong competition from larger, nationwide lenders that offer small business credit cards, the bank's market share position in relation to those lenders, and the distribution by size of loan. For the evaluation period using the 2000 census data, the percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is somewhat lower than the percentage of small businesses in the AA. For the evaluation period using the 2010 census data, the percentage of small loans to small businesses is lower than the percentage of small businesses in the AA.

The distribution by size of loan shows that approximately 43% of loan originations are for \$100,000 or less during both evaluation periods, which indicates NPB is lending to small businesses. NPB's market share of lending to small businesses is somewhat lower than its overall market share. NPB ranked 14<sup>th</sup> out of 136 lenders in the AA with a 1.12% market share in lending to small businesses based on the number of loans. The lenders ranked above NPB included American Express Bank, FSB, Wells Fargo Bank, NA, PNC Bank, NA, Chase Bank USA, NA, and CitiBank, NA. Based on the total dollar amount, however, NPB ranks third out of 136 lenders in the AA with a 7.04% market share in lending to small businesses.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Statistical Area section of Appendix D for data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans.

#### **Philadelphia, PA Metropolitan Division 37964**

Community development lending had a positive impact on the Lending Test for the Philadelphia MD. NPB is a leader in community development lending in this AA, and the originated loans were responsive to the needs of the AA. During the evaluation period, NPB originated 17 qualified community development loans for a total of \$47.1 million and four qualified community development loans totaling \$1.3 million to an entity in a census tract adjacent to the bank's AA with the potential to benefit low- and moderate-income families in the bank's AA. Community development lending during the evaluation period includes the following:

- Throughout the evaluation period, NPB originated nine lines of credit to Small Business Investment Corporations (SBIC) totaling \$34.8 million. The SBICs are headquartered in

the bank's AA and lend throughout the eastern half of the country including several businesses in Pennsylvania.

- In 2012, NPB originated a \$9.5 million construction/permanent financing loan to build a new school to educate students from low-income communities.
- In 2010, NPB originated a \$1.7 million loan through the SBA's 504 loan program facilitated by the South Eastern Economic Development Company of PA (SEEDCOPA).
- Throughout the evaluation period, NPB originated four lines of credit totaling \$1.3 million to a charter school in a low-income census tract adjacent to the bank's AA which potentially benefits low- and moderate-income children in the bank's AA. The majority of children attending the school are from low- and moderate-income families.
- In 2012, NPB originated a \$450,000 line of credit to an organization providing child-care services to low-income families.
- Throughout the evaluation period, NBP originated two lines of credit totaling \$400,000 to an organization that helps low-income families obtain health insurance and qualify for food stamps.
- In 2011, NPB provided a line of credit to an organization dedicated to community revitalization through direct finance and/or investment in housing and redevelopment activities targeting low- and moderate-income people.
- In 2011, NPB originated a \$28,500 loan to a not-for-profit organization providing residential alcohol and drug treatment for low- and moderate-income people.
- In 2012, NPB originated a \$20,000 line of credit to an organization that provides housing to the homeless.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion for the Philadelphia MD. The institution uses innovative and flexible lending practices in order to serve assessment area credit needs. NPB's specialized home mortgage loan and home improvement financing programs are detailed below.

The Community Home Buyer Program is a flexible home buyer program targeted to low- and moderate-income borrowers. This loan program provides up to 100% financing for low- and moderate- income first-time homebuyers purchasing homes in low- and moderate- income areas and up to 95% financing for low- and moderate- income first-time homebuyers purchasing homes in other areas. During the evaluation period, NPB made 23 loans for approximately \$2.2 million under this loan program.

In early 2009, the FHLB of Pittsburgh suspended its First Front Door grant program, a program that provided matching funds to lower income first-time homebuyers to cover down payments and closing costs. In response, NPB developed the Down Payment and Closing Cost Assistance Loan, a subordinate second lien loan program that provides flexible terms. NPB disburses up to \$5,000 at a rate of 3.25% to low- and moderate- income first-time homebuyers that could be partnered with the bank's Community Home Buyer Program. During the evaluation period, NPB made four loans for approximately \$12,000 under this loan program. The FHLB of Pittsburgh reinstated the First Front Door Program in 2013 and will accept homebuyer registrations beginning June 17, 2013. NPB plans to continue the Down Payment and Closing Cost Assistance Loan to assist low and moderate-income customers not able to obtain a grant through the FHLB program.

NPB partnered with a non-profit in Philadelphia to develop a Philadelphia Home Improvement Loan Program in response to an identified community need. The program targets low- and moderate-income individuals in low- and moderate-income census tracts located in the Germantown section of Philadelphia. The bank will disburse up to \$5,000 for home improvements at a rate of 3% and the loan is unsecured. The home improvement loan is to provide for emergency home repairs. During the evaluation period, NPB made 10 loans for a total of \$48,000 under this loan program.

In July 2012, NPB partnered with a local non-profit organization in Montgomery County to provide funding to low- and moderate-income households with small dollar home improvement loans as part of the Neighborhood Partnership Program (NPP) with Genesis Housing Corporation. The program is targeted to the Pottstown neighborhood in Montgomery County. The bank will disburse up to \$5,000 for home improvements at a rate of 3% and the loan is unsecured. In order to provide consistency and facilitate the introduction of similar relationships in the low- and moderate-income neighborhoods within the bank's market footprint, NPB created the Community Home Improvement Partnership Program (CHIP). The CHIP program will provide similar terms to the home improvement product offered as part of the NPP.

NPB continued with the Next Generation Farmer Loan Program aimed at providing funding to first-time farmers for agriculture and machinery purposes. The program is offered through a non-profit organization located in Chester County. The program provides up to \$501,000 at below-market agriculture loan rates for up to 25 years. During the evaluation period, NPB made four loans for approximately \$1.3 million under this loan program.

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

Based on a limited-scope review of the Wilmington MD, the bank's performance is weaker than the bank's overall "High Satisfactory" performance under the Lending Test in the multistate metropolitan area. There were no low- or moderate-income geographies in this AA; therefore, this assessment was based on NPB's borrower distribution performance. The borrower distribution for home mortgage loans was poor. The borrower distribution for small loans to businesses was good. NPB's overall Lending Test performance in this AA is adequate. The weaker performance had no impact on the overall lending rating. Lending in this AA accounted for approximately 1% of total lending in the MSA.

Refer to the Tables 1 through 13 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for data used to support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the Philadelphia-Camden-Wilmington MSA is "Outstanding." Based on a full scope review, the bank's performance in the

Philadelphia MD is excellent when considering the investment opportunities in the assessment area and the strong competition posed by other banks.

Refer to Table 14 in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area section of Appendix D for data used to evaluate the bank's level of qualified investments.

#### **Philadelphia, PA Metropolitan Division 37964**

NPB has an excellent level of qualified investments and grants. The bank exhibits excellent responsiveness to meeting the identified needs of the Philadelphia AA. Investments originated during the evaluation period total \$6.6 million and includes \$466,000 in qualifying grants and donations. NPB also has \$1.5 million in unfunded commitments. The investments originated during the period include the following:

- During the evaluation period, NPB purchased four GNMA-issued mortgage-backed securities totaling \$7.16 million with the underlying collateral consisting entirely of loans to low- or moderate-income borrowers in four of the bank's AAs including \$2.87 million in the Philadelphia AA.
- In 2012, NPB purchased an MBS totaling \$1.11 million issued by FNMA with the underlying collateral consisting entirely of loans to low- or moderate-income borrowers in the Philadelphia AA.
- In 2013, NPB invested \$1.0 million, with another \$1.5 million in unfunded commitments, in a partnership whose mission is to generate Low-Income Housing Tax Credit (LIHTC). NPB's investment is specifically allocated to benefit a senior citizen independent living facility located in a low-income census tract in Philadelphia. The tract, which is outside the bank's AA, is adjacent to tracts within the bank's AA and provides benefit to low- and moderate-income people from tracts within the AA.
- In 2012, NPB invested \$1 million in a community development financial institution (CDFI) headquartered in Philadelphia which provides funding for economic development initiatives throughout the Mid-Atlantic region of the United States including NPB's AAs.
- In 2012, NPB invested \$1 million in a CDFI providing funding for economic development initiatives in central Pennsylvania with \$125,000 allocated to the Philadelphia AA.

Prior period investments outstanding total \$3.8 million and consist of \$2.68 million in MBSs collateralized by loans to low- or moderate-income borrowers in the AA, \$814,000 to organizations generating LIHTC, and \$332,000 to a company that provides equity investment in small companies in the Mid-Atlantic region of the United States including NPB's AAs.

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

Based on a limited-scope review, the bank's performance under the Investment Test in the Wilmington MD is weaker than the bank's overall "Outstanding" performance. The weaker performance is a result of few, if any, investments in this 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 the Philadelphia-Camden-Wilmington Multistate Metropolitan Area 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 the Philadelphia-Camden-Wilmington MSA is rated "Outstanding." Based on a full-scope review, the bank's performance in the Philadelphia MD is excellent. Service delivery systems are readily accessible to all portions of the institution's AAs. NPB is a leader in providing community development services.

### **Retail Banking Services**

Refer to Table 15 in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

#### **Philadelphia, PA Metropolitan Division 37964**

NPB's delivery systems are readily accessible to geographies and individuals of different income levels. NPB operates 42 full service branches and two loan centers with branch authorization in the Philadelphia MD. One office is located in a low-income geography; four offices are located in moderate-income geographies; 17 offices are located in middle-income geographies; and 22 offices are located in upper-income geographies.

As a percentage of the total number of offices, 2.27% of the offices were located in low-income geographies where 2.01% of the population lives; and 9.09% of the branches were located in moderate-income geographies where 7.57% of the population lives. The distribution of branches in low-income geographies exceeds the percentage of the population residing in this geography; and the distribution of NPB's branches in moderate-income geographies exceeds the percentage of the population living in this geography. Furthermore, NPB has five branches located in middle-income geographies that are in close proximity to and can service the adjacent moderate-income geographies.

In addition to the offices, NPB offers alternative delivery systems in the form of ATMs. NPB has 38 ATMs associated with the aforementioned offices and one stand-alone ATM in a middle-income geography. Of the 39 ATMs, 38 are full-service ATMs and one is a cash dispensing only ATM. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its office distribution. There is one ATM located in a low-income geography and one ATM located in a moderate-income geography. The percentage of ATMs located in low-income geographies exceeds the percentage of the population in those geographies. The percentage of ATMs located in moderate-income geographies is less than the percentage of the population located in these geographies as two offices in moderate-income geographies do not have ATMs.

NPB's record of opening and closing branches has positively affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and

moderate-income individuals. During the evaluation period, NPB opened one branch in a low-income geography and one branch in an upper-income geography. A loan center was opened in an upper-income geography; however, it does not accept deposits. NPB closed two offices including the associated ATMs in middle-income geographies during the evaluation period. The bank opened ATMs at the two new offices.

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Services offered are comparable among locations regardless of the income level of the geography. NPB offers extended hours of operation at least one day per week at 39 office locations, including all four offices in moderate-income geographies and one office in low-income geography. Additionally, 34 offices offer Saturday hours. NPB offers drive-through services at 34 offices and 32 of the drive-through locations offer extended hours.

All NPB offices offer a full line of traditional banking products and services. The bank offers a variety of checking account and loan products to serve the needs of its community, including low- and moderate-income individuals. In particular, NPB has one checking account product that assists low- and moderate-income individuals in maintaining regular checking accounts. NPB's Free Checking Account product has no minimum monthly balance requirements, no monthly service fees, and free online banking and bill payment. In 2011, NPB established relationships with the Bucks County Opportunity Council and the Good Samaritan Shelter Program in Chester County, whereby the bank supports savings accounts for their clients enrolled in Pennsylvania's matched savings program for low-income individuals. During the evaluation period, 22 accounts have been opened under the programs.

NPB also provides alternative systems for delivering retail banking services to its community through internet banking and bank by phone. Since NPB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on these alternative delivery systems.

## **Community Development Services**

NPB's performance in providing community development services is excellent in the Philadelphia MD.

### **Philadelphia, PA Metropolitan Division 37964**

NPB is a leader in providing community development services within this AA. Bank management and employees provide financial and technical expertise through their direct involvement with several qualified community development organizations and participation in numerous workshops and presentations. The following details the community development services that occurred during the evaluation period:

- Since 2010, a senior vice president provided financial expertise to a local affordable housing organization to assist with the completion of a grant application requesting funds through the FHLB of Pittsburgh's Affordable Housing Program for rehabilitation of two affordable housing projects built in the 1990's for low- and moderate-income families.

- Throughout the examination period, a senior vice president serves on the Board and chairs the Finance Committee of an organization that provides educational, health and other community services to low-income families in Montgomery County. Since 2010, a vice president also served on the Fundraising Committee for the same organization.
- An executive vice president serves on the Board of an organization that provides affordable housing and community services to low-income persons in Montgomery County.
- Throughout the examination period, a senior vice president serves on the Loan Review Committee and Agricultural Advisory Board of an economic development company that provides financing for small businesses and farms. The organization initially served Chester County but developed relationships with other economic development companies in Lancaster, Bucks, Montgomery and Berks Counties. This organization also partners with economic development organizations across the state to offer loans through the Small Business Administration's (SBA) 504 program.
- Throughout the examination period, a vice president and a lender serve on the Board of a community development organization that provides financing for community redevelopment and revitalization projects in Bucks, Chester, Delaware, Lehigh, Montgomery, Northampton and Philadelphia counties. As a Board member, these individuals review large loan requests, monitor the company's performance, and plan for its future.
- Since 2012, a senior vice president and a vice president served as members of a neighborhood partnership committee established in conjunction with a Neighborhood Assistance Program to revitalize a moderate-income neighborhood in Pottstown.
- For the duration of the examination, a senior vice president served on the Community and Economic Development Committee of a community development corporation with the goal of community reinvestment and development of the low- and moderate-income communities in the five county Philadelphia area.
- Since 2013, a commercial lender served on the Board of a CDFI that provides loan capital to small businesses, community organizations, and developers of affordable housing throughout Delaware State and Chester and Delaware Counties, Pennsylvania.
- Since 2012, an executive vice president provided financial expertise to two different SBICs by providing review and analysis of implemented investment strategies which ultimately guided strategic planning. A second senior vice president served in a similar capacity for one of the two SBICs from 2010 through 2011.
- In 2011, two senior vice presidents provided financial expertise to a group starting an affordable community land trust in Pottstown.
- Throughout the evaluation period, bank management and employees conducted and/or participated in over 100 training sessions providing financial literacy education to low- and moderate-income students, low- and moderate-income homebuyers, and small business owners.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Wilmington MD assessment area is weaker than the bank's overall "Outstanding" performance under Service Test in the Philadelphia-Camden-Wilmington MSA. NPB's performance in this AA is based on its distribution of branches by income level, the bank's record of opening and closing branches, and the level of community development services. NPB's performance is

weaker because NPB's delivery systems are considered reasonably accessible to geographies and individuals of different income levels in this AA and NPB provides few, if any, community development services.

Refer to the Table 15 in the Multistate Metropolitan Area section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Pennsylvania

#### **CRA Rating for the State of Pennsylvania<sup>2</sup>: Outstanding**

**The Lending Test is rated: Outstanding**

**The Investment Test is rated: High Satisfactory**

**The Service Test is rated: Outstanding**

The major factors that support this rating include

- Lending levels reflect excellent responsiveness to the community credit needs of its assessment areas.
- A substantial majority of home mortgage loans and small loans to businesses are originated within the bank's combined assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of loans to borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size.
- Community development lending had a positive impact on the Lending Test rating.
- The bank made a significant level of qualified community development investments, donations, and grants.
- Service delivery systems are readily accessible to individuals of different income levels in the assessment area.
- NPB is a leader in providing community development services.

#### **Description of Institution's Operations in Pennsylvania**

NPB currently has seven AAs within the state of Pennsylvania. They include the Allentown-Bethlehem-Easton MSA, Reading MSA, Lancaster MSA, Scranton-Wilkes-Barre MSA, State College MSA, Schuylkill County, non-MSA, and Monroe County non-MSA. For the evaluation period using 2000 census data, NPB had an eighth AA, the York-Hanover MSA. The sole office in this MSA was closed in 2012 eliminating it as an AA. The office had functioned solely as an National Penn Investors Trust Company (NPITC) and had no deposits.

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<sup>2</sup> 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.

NPB has 81 branches within the State of Pennsylvania, which represents 64% of the total branch network. Approximately 69% of the bank's total deposits are within the State of Pennsylvania. Based on the June 30, 2012 FDIC Summary of Deposit data, NPB ranked 3<sup>rd</sup> out of 73 institutions in the State of Pennsylvania with a 9.47% deposit market share. The bank's primary competitors are Wells Fargo, NA, PNC Bank, NA, and Susquehanna Bank. For the evaluation period using 2000 census data, NPB originated 76% of its total HMDA reportable loans and 55% of its total small business loans within the State of Pennsylvania. For the evaluation period using 2010 census data, NPB originated 63% of its total HMDA reportable loans and 54% of total small business loans within the State of Pennsylvania.

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.

### **Scope of Evaluation in Pennsylvania**

The State of Pennsylvania rating is based primarily on those areas that received full-scope reviews. In each state where the bank has an office, a sample of AAs within the state was selected for a full-scope review. We conducted full-scope reviews of the Allentown-Bethlehem-Easton MSA and the Reading MSA because a majority of NPB's branches, deposits, and loan originations within the state were located in these two assessment areas.

#### **Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

We conducted a full-scope review of the Allentown-Bethlehem-Easton MSA. NPB has 37 branches in this AA. In Pennsylvania, approximately 40% of the bank's deposits, 40% of the bank's home mortgage lending, and 29% of the bank's small loans to businesses were originated in this AA. Approximately 76% of the loans originated from January 1, 2010 to December 31, 2013 were home mortgage loans, with small loans to businesses accounting for the remaining 24%.

#### **Reading, PA MSA 39740**

We conducted a full-scope review of the Reading MSA. NPB has 19 branches in this AA. In Pennsylvania, approximately 32% of the bank's deposits, 18% of the bank's home mortgage lending, and 30% of the bank's small loans to businesses were originated in this AA. Approximately 57% of the loans originated from January 1, 2010 to December 31, 2013 were home mortgage loans, with small loans to businesses accounting for the remaining 43%.

#### **Lancaster, PA MSA 29540**

We conducted a limited-scope review of the Lancaster MSA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has six branches in this AA. In Pennsylvania, approximately 7% of the bank's deposits, 14% of the bank's home mortgage lending, and approximately 25% of the bank's small loans to businesses were originated in this AA. This AA had a significant number and dollar volume of small loans to farms; therefore, an analysis of the bank's small loans to farms was performed and considered when arriving at the Lending Test rating for this AA.

**Scranton-Wilkes-Barre, PA MSA 42540**

We conducted a limited-scope review of the Scranton-Wilkes-Barre MSA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has seven branches in this AA. In Pennsylvania, approximately 8% of the bank's deposits, 10% of the bank's home mortgage lending, and approximately 7% of the bank's small loans to businesses were originated in this AA.

**State College, PA MSA 44300**

We conducted a limited-scope review of the State College MSA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has five branches in this AA. In Pennsylvania, approximately 8% of the bank's deposits, 10% of the bank's home mortgage lending, and approximately 6% of the bank's small loans to businesses were originated in this AA.

**Schuylkill County, Non-MSA**

We conducted a limited-scope review of the Schuylkill County non-MSA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has four branches in this AA. In Pennsylvania, approximately 3% of the bank's deposits, 5% of the bank's home mortgage lending, and approximately 2% of the bank's small loans to businesses were originated in this AA.

**Monroe County, Non-MSA**

We conducted a limited-scope review of the Monroe County non-MSA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has three branches in this AA. In Pennsylvania, approximately 2% of the bank's deposits, 3% of the bank's home mortgage lending, and approximately 1% of the bank's small loans to businesses were originated in this AA.

**York-Hanover, PA MSA 49620**

We conducted a limited-scope review of the York-Hanover MSA because of the bank's limited presence, and limited deposit and lending activity in this AA. This AA was added in July 2007 when the private banking branch was opened, but the AA has since been eliminated since that branch closed in 2012. When the branch was open, less than 1 percent of the bank's home mortgage loans were originated in this AA. No small loans to businesses were originated in this AA. There were no deposits in this AA. Considering the limited presence in this AA and the limited activity, an analysis of the bank's lending performance in this AA would not be meaningful and, thus, was not performed. In addition, the Investment and Service Tests were not performed in this AA due to the bank's limited presence.

**Community Contact**

We conducted two community contacts during this evaluation to identify community development needs and opportunities within the Allentown-Bethlehem-Easton and Reading MSAs. Refer to the Market Profile section in Appendix C for details.

## LENDING TEST

### Conclusions for Areas Receiving Full Scope Reviews

The bank's performance under the Lending Test in the State of Pennsylvania is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 and the Reading, PA MSA 39740 AA is excellent.

### Lending Activity

Overall, NPB's lending activity was outstanding, and the bank's lending levels reflect excellent responsiveness to the credit needs of the community.

Refer to Tables 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.

#### **Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

NPB's lending activity in the Allentown-Bethlehem-Easton MSA is outstanding, and the bank's lending levels reflect excellent responsiveness to the credit needs of the community.

Approximately 28% of the bank's total deposits across 38 branches are located in this AA. According to the June 30, 2012 FDIC Summary of Deposit Market Share report, NPB had an 11.35% deposit market share in the Allentown-Bethlehem-Easton MSA, ranking it 2<sup>nd</sup> among 35 institutions. Major competitors are Wells Fargo Bank, NA (ranked 1<sup>st</sup> with a 23.22% deposit market share), PNC Bank, NA (ranked 3<sup>rd</sup> with a 10.36% deposit market share), Lafayette Ambassador Bank (ranked 4<sup>th</sup> with a 7.35% deposit market share), and Bank of America, NA (ranked 5<sup>th</sup> with a 5.37% deposit market share).

The 2011 Peer Mortgage data indicates NPB ranked 6<sup>th</sup> out of 405 mortgage lenders in the AA with a market share of 2.68%. Although the bank's market share in home mortgage lending is below the bank's deposit market share in this AA, NPB's performance is good when considering the competition from larger regional and nationwide mortgage lenders.

Based on the 2011 Peer Small Business data, NPB ranked 10<sup>th</sup> out of 73 lenders in the AA with a market share of 2.54%. This performance is adequate when considering the top three lenders have a combined market share of 43.74% and they are large, nationwide lenders that offer small business credit cards.

For the evaluation period using 2000 census data, NPB originated approximately 32% of all home mortgage loans and 15% of all small loans to businesses in this AA. Of the total loans originated in this AA, 78% of the loans were home mortgage loans and 22% were small loans to businesses. Among home mortgage originations in this AA, 24% were home purchase loans; 22% were home improvement loans; and 54% were home refinance loans.

For the evaluation period using 2010 census data, NPB originated approximately 23% of all home mortgage loans and 17% of all small loans to businesses in this AA. Of the total loans originated in this AA, 70% were home mortgage loans and 30% were small loans to

businesses. Among home mortgage originations in this AA, 30% were home purchase loans; 15% were home improvement loans; and 55% were home refinance loans.

### **Reading, PA MSA 39740**

NPB's lending activity in the Reading MSA is good, and the bank's lending levels reflect good responsiveness to the credit needs of the community.

NPB has 19 branches, which hold 22% of the bank's total deposits, in this AA. According to the June 30, 2012 FDIC Summary of Deposit Market Share report, NPB had a 15.30% deposit market share in the Reading MSA, ranking it 3<sup>rd</sup> among 21 institutions. Major competitors are Sovereign Bank NA (ranked 1<sup>st</sup> with a 22.64% deposit market share), Wells Fargo Bank, NA (ranked 2<sup>nd</sup> with a 17.55% deposit market share), VIST Bank (ranked 4<sup>th</sup> with a 8.75% deposit market share), and Manufacturers & Traders Trust Co. (ranked 5<sup>th</sup> with a 6.38% deposit market share).

The 2011 Peer Mortgage data indicates NPB ranked 8<sup>th</sup> out of 319 mortgage lenders in the AA with a market share of 2.36. Although the bank's market share in home mortgage lending is below the bank's deposit market share in this AA, NPB's performance is good when considering the competition from larger regional and nationwide mortgage lenders.

Based on the 2011 Peer Small Business data, NPB ranked 6<sup>th</sup> out of 65 lenders in the AA with a market share of 5.48%. This performance is good when considering the top three lenders had a combined market share of 42.07% and they are large, nationwide lenders that offer small business credit cards.

For the evaluation period using 2000 census data, NPB originated approximately 13% of all home mortgage and 17% of all small loans to businesses in this AA. Of the total loans originated in this AA, 56% of the loans were home mortgage loans and 42% were small loans to businesses. Small loans to farms made up the small remaining amount. Among home mortgage originations in this AA, 23% were home purchase loans; 27% were home improvement loans; and 50% were home refinance loans.

For the evaluation period using 2010 census data, NPB originated approximately 13% of all home mortgage and 16% of all small loans to businesses in this AA. Of the total loans originated in this AA, 57% of the loans were home mortgage loans and 41% were small loans to businesses. Small loans to farms made up the remaining amount. Among home mortgage originations in this AA, 38% were home purchase loans, 19% were home improvement loans, and 43% were home refinance loans.

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

The overall geographic distribution of loans reflects good penetration throughout the assessment areas. The overall geographic distribution of home mortgage loans is good. The overall geographic distribution of small loans to businesses is good.

**Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

The overall geographic distribution of loans reflects good penetration throughout the assessment area. The geographic distribution of home mortgage loans is adequate, and the geographic distribution of small loans to businesses is excellent.

*Home Mortgage Loans*

Refer to Tables 2, 3, and 4 in the State of Pennsylvania section of Appendix D for 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 lending is excellent. For both evaluation periods, the percentage of home purchase lending in low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home purchase lending in low-income geographies exceeds its overall market share in home purchase lending.

For both evaluation periods, the percentage of home purchase lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home purchase lending in moderate-income geographies exceeds its overall market share in home purchase lending.

*Home Improvement Lending*

The geographic distribution of home improvement lending is adequate. For the evaluation period using the 2000 census data, the percentage of home improvement lending in low-income geographies is somewhat lower than the percentage of owner-occupied housing units in these geographies. For the evaluation period using the 2010 census data, the percentage of home improvement lending in low-income geographies is lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in low-income geographies is somewhat lower than its overall market share in home improvement lending. According to 2011 Peer Mortgage data, lending opportunities here are limited as a total of 13 mortgage lenders originated only 24 home improvement loans in these low-income geographies.

For the evaluation period using the 2000 census data, the percentage of home improvement lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units in these geographies. For the evaluation period using the 2010 census data, the percentage of home improvement lending in moderate-income geographies is near the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in moderate-income geographies is somewhat lower than its overall market share in home improvement lending. According to 2011 Peer Mortgage Data, NPB ranked 7<sup>th</sup> out of 47 lenders with a 4.95% market share in home improvement lending in these moderate-income geographies.

*Home Refinance Lending*

The geographic distribution of home refinance lending is adequate. For both evaluation periods, the percentage of home refinance lending in low-income geographies is lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of

home refinance lending in low-income geographies exceeds its overall market share in home refinance lending.

For both evaluation periods, the percentage of home refinance lending in moderate-income geographies is lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home refinance lending in moderate-income geographies is somewhat lower than its overall market share in home refinance lending. According to 2011 Peer Mortgage Data, NPB ranked 19<sup>th</sup> out of 156 lenders with a 1.23% market share in home refinance lending in these moderate-income geographies.

#### *Small Loans to Businesses*

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

The geographic distribution of small loans to businesses is excellent. For both evaluation periods, the percentage of small loans to businesses in low-income geographies exceeds the percentage of businesses located in low-income geographies. NPB's market share of small loans to businesses in low-income geographies exceeds its overall market share.

For the evaluation period using the 2000 census data, the percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses located in the moderate-income geographies. For the evaluation period using the 2010 census data, the percentage of small loans to businesses in moderate-income geographies is near the percentage of businesses located in moderate income geographies. NPB's market share of small loans to businesses in moderate-income geographies exceeds its overall market share.

#### **Reading, PA MSA 39740**

The overall geographic distribution of loans reflects excellent penetration throughout the assessment area. The geographic distribution of home mortgage loans is excellent, and the geographic distribution of small loans to businesses is good.

In our analysis, we took into consideration that all low-income tracts and all but two moderate-income tracts are located in the City of Reading. Census statistics show that 41% of Reading residents are below the poverty level. In the AA, approximately 80% of the families residing in low-income tracts are low- and moderate-income families. Additionally, approximately 60% of the families residing in moderate-income tracts are low- and moderate-income families. Therefore, the opportunities to lend in low- and moderate-income geographies are limited, especially when considering the competition from other financial institutions.

#### *Home Mortgage Loans*

Refer to Tables 2, 3, and 4 in the State of Pennsylvania section of Appendix D for 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 lending is excellent. For both evaluation periods, the percentage of home purchase lending in low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of

home purchase lending in low-income geographies exceeds its overall market share in home purchase lending.

For both evaluation periods, the percentage of home purchase lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home purchase lending in moderate-income geographies exceeds its overall market share in home purchase lending.

#### *Home Improvement Lending*

The geographic distribution of home improvement lending is excellent. For both evaluation periods, the percentage of home improvement lending in low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in low-income geographies is near its overall market share in home improvement lending.

For both evaluation periods, the percentage of home improvement lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in moderate-income geographies exceeds its overall market share in home improvement lending.

#### *Home Refinance Lending*

The geographic distribution of home refinance lending is adequate. For the evaluation period using the 2000 census data, the bank did not originate any home refinance loans in low-income geographies. For the evaluation period using the 2010 census data, the percentage of home refinance lending in low-income geographies is lower than the percentage of owner-occupied housing units in these geographies.

For both evaluation periods, the percentage of home refinance lending in moderate-income geographies is lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home refinance lending in moderate-income geographies exceeds its overall market share in home refinance lending. According to 2011 Peer Mortgage Data, NPB ranked 6<sup>th</sup> out of 58 lenders with a 2.92% market share in home refinance lending in these moderate-income geographies.

#### *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 and purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. For the evaluation period using the 2000 census date, the percentage of small loans to businesses in low-income geographies is near the percentage of businesses located in low-income geographies. For the evaluation period using the 2010 census data, the percentage of small loans to businesses in low-income geographies is somewhat lower than the percentage of businesses located in low-income geographies. NPB's market share of small loans to businesses in low-income geographies is near its overall market share.

For the evaluation period using the 2000 census data, the percentage of small loans to businesses in moderate-income geographies is near the percentage of businesses located in the moderate-income geographies. For the evaluation period using the 2010 census data, the percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses located in moderate-income geographies. NPB's market share of small loans to businesses in moderate-income geographies exceeds its overall market share.

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

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

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

NPB originated a substantial majority of its loans in their combined assessment areas during both evaluation periods. During the combined evaluation period, 92% of the number and 92% of the dollar amount of total home mortgage and small loans to businesses were originated within the bank's assessment area. NPB originated 92% of the number and 91% of the dollar amount of total HMDA reportable loans within its combined AAs during the evaluation periods. 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 loans to borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size. The overall distribution of home mortgage loans to borrowers of different income levels is excellent. The overall distribution of loans to businesses of different sizes is good.

#### **Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

The overall distribution of loans to borrowers of different income levels and businesses of different sizes in this AA reflects excellent penetration. NPB's distribution of home mortgage loans by borrower income level is excellent, and NPB's distribution of small loans to small businesses is good.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in the AA was \$198,625, and a low-income family earns less than \$36,650 annually. Additionally, 9.82% of the households in this AA are below the poverty level and are considered very low-income. The lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families.

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

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

### *Home Purchase Lending*

The borrower distribution for home purchase lending is excellent. For both evaluation periods, the percentage of home purchase lending to low-income borrowers exceeds the percentage of low-income families in the AA. NPB's market share of home purchase loans to low-income borrowers exceeds its overall market share of home purchase loans.

For both evaluation periods, the percentage of home purchase lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home purchase loans to moderate-income borrowers is near its overall market share of home purchase loans.

### *Home Improvement Lending*

The borrower distribution for home improvement lending is excellent. For the evaluation period using the 2000 census, the percentage of home improvement lending to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. For the evaluation period using the 2010 census data, the percentage of home improvement lending to low-income borrowers is lower than the percentage of low-income families in the AA. NPB's market share of home improvement loans to low-income borrowers exceeds its overall market share of home improvement loans. According to 2011 Peer Mortgage data, NPB ranked 5<sup>th</sup> out of 40 lenders with a market share of 8.11% in home improvement lending to low-income borrowers in this AA.

For both evaluation periods, the percentage of home improvement lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home improvement loans to moderate-income borrowers exceeds its overall market share of home improvement loans. According to 2011 Peer Mortgage data, NPB ranked 2<sup>nd</sup> out of 46 lenders with a market share of 10.67% in home improvement lending to moderate-income borrowers in this AA.

### *Home Refinance Lending*

The borrower distribution for home refinance lending is good. For both evaluation periods, the percentage of home refinance lending to low-income borrowers is lower than the percentage of low-income families in the AA. NPB's market share of home refinance loans to low-income borrowers exceeds its overall market share of home refinance loans. NPB ranked 7<sup>th</sup> out of 104 lenders with a market share of 3.20% in home refinance lending to low-income borrowers in the AA.

For the evaluation period using the 2000 census data, the percentage of home refinance lending to moderate-income borrowers is near the percentage of moderate-income families in the AA. For the evaluation period using the 2010 census data, the percentage of home refinance lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home refinance loans to moderate-income borrowers exceeds its overall market share of home refinance loans. NPB ranked 6<sup>th</sup> out of 167 lenders with a market share of 2.62% in home refinance lending to moderate-income borrowers in the AA.

*Small Loans to Businesses*

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

The borrower distribution of small loans to businesses is good when considering the strong competition from larger, nationwide lenders that offer small business credit cards and the bank's market share position in relation to these large, nationwide lenders. For both evaluation periods, the percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is somewhat lower than the percentage of small businesses in the AA. NPB's market share of lending to small businesses is near its overall market share. NPB ranked 10<sup>th</sup> out of 73 lenders in the AA with a 2.54% market share in the number of loans to small businesses. NPB ranked 3<sup>rd</sup> out of 73 lenders in the AA with a 13.23% market share in the dollar amount of loans to small businesses. The distribution by size of loan shows that approximately 47% of the loan originations are for \$100,000 or less, which indicates NPB is lending to small businesses.

**Reading, PA MSA 39740**

The overall distribution of loans to borrowers of different income levels and businesses of different sizes in this AA reflects excellent penetration. NPB's distribution of home mortgage loans by borrower income level is excellent, and NPB's distribution of small loans to small businesses is good.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in the AA was \$161,392, and a low-income family earns less than \$34,000 annually. Additionally, 10.76% of the households in this AA are below the poverty level and are considered very low-income. The lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families.

*Home Mortgage Loans*

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

*Home Purchase Lending*

The borrower distribution for home purchase lending is excellent. For both evaluation periods, the percentage of home purchase lending to low-income borrowers exceeds the percentage of low-income families in the AA. NPB's market share of home purchase loans to low-income borrowers exceeds its overall market share of home purchase loans.

For both evaluation periods, the percentage of home purchase lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home purchase loans to moderate-income borrowers exceeds its overall market share of home purchase loans.

*Home Improvement Lending*

The borrower distribution for home improvement lending is excellent. For both evaluation periods, the percentage of home improvement lending to low-income borrowers exceeds the

percentage of low-income families in the AA. NPB's market share of home improvement loans to low-income borrowers exceeds its overall market share of home improvement loans.

The percentage of home improvement lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA during both of the evaluation periods. NPB's market share of home improvement loans to moderate-income borrowers is near its overall market share of home improvement loans.

### *Home Refinance Lending*

The borrower distribution for home refinance lending is good. For the evaluation period using the 2000 census data, the percentage of home refinance lending to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. For the evaluation period using the 2010 census date, the percentage of home refinance lending to low-income borrowers is lower than the percentage of low-income families in the AA. NPB's market share of home refinance loans to low-income borrowers exceeds its overall market share of home refinance loans. NPB ranked 5<sup>th</sup> out of 63 lenders with a market share of 4.23% in home refinance lending to low-income borrowers in the AA.

For both evaluation periods, the percentage of home refinance lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home refinance loans to moderate-income borrowers exceeds its overall market share of home refinance loans.

### *Small Loans to Businesses*

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

The borrower distribution of small loans to businesses is good when considering the strong competition from larger, nationwide lenders that offer small business credit cards and the bank's market share position in relation to these large, nationwide lenders. For both evaluation periods, the percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is somewhat lower than the percentage of small businesses in the AA. NPB's market share of lending to small businesses is near its overall market share. NPB ranked 6<sup>th</sup> out of 65 lenders in the number of loans with a 5.48% market share in lending to small businesses. NPB ranked 1<sup>st</sup> out of 65 lenders in the dollar amount of loans with a 24.22% market share. The distribution by size of loan shows that approximately 47% of the loan originations are for \$100,000 or less, which indicates NPB is lending to small businesses.

## **Community Development Lending**

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

### **Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

Community development lending had a positive impact on the Lending Test for the Allentown-Bethlehem-Easton MSA. NPB is a leader in community development lending in this AA, and the originated loans were responsive to the needs of the AA. During the evaluation period,

NPB originated 25 qualified community development loans totaling \$88.8 million. The following details the community development services that occurred during the evaluation period in this AA:

- In 2013, NPB acted as the lead bank in a series of complex transactions totaling \$180 million, which provided \$135 million in credit to the Allentown Neighborhood Improvement Zone Development Authority (ANIZDA) and \$45 million in credit to a private company and its affiliates that are also working on the project. NPB's portion of the \$180 million consists of five construction lines of credit totaling \$50 million with the proceeds used in the construction of City Center which is part of the City of Allentown's plan to spur economic development in a large low-income section of the city which is part of the Allentown Neighborhood Improvement Zone (NIZ).
- In 2012, NPB provided three loans totaling \$29.4 million to building construction and/or renovating properties in the Allentown NIZ.
- Throughout the evaluation period, NPB provided three lines of credit totaling \$2.4 million to an entity that manages state subsidized child care programs for low-income residents.
- In 2010 and 2011, NPB originated three loans totaling \$2.1 million to provide affordable housing for low-and moderate-income families. All three loans were originated under two Housing and Urban Development HOPE VI revitalization programs.
- In 2012, NPB originated a \$2 million line of credit to a not-for-profit organization providing residential and community based programs for low-and moderate-income children.
- In 2011, NPB provided a \$1.2 million bridge loan to a not-for-profit museum. The funds were necessary to obtain a larger loan through the state's Redevelopment Assistance Capital Program. The museum, located in a low-income census tract, was going to be renovated as part of the City of Allentown's 2009 Comprehensive Plan.
- In 2010, NPB originated a \$500,000 loan to a community development corporation with the proceeds of this loan going to fund a loan pool to be used for project financing in Lehigh and Northampton counties.
- Throughout the evaluation period, NPB provided three lines of credit totaling \$450,000 to a not-for-profit organization that operates a food pantry and provides poverty assistance.
- Throughout the evaluation period, NPB provided two lines of credit totaling \$400,000 to a not-for-profit charter school operating in a low-income census tract and providing educational services to predominantly low-income children.
- Throughout the evaluation period, NPB provided two lines of credit totaling \$300,000 to a community development financial institution operating in a low-income census tract.
- In 2012, NPB provided a \$50,000 line of credit to a not-for-profit organization providing meals to predominately low-income seniors.

### **Reading, PA MSA 39740**

Community development loans had a positive impact on the Lending Test for the Reading MSA. NPB is a leader in community development lending in this AA, and the originated loans were responsive to the needs of the AA. During the evaluation period, NPB originated 11 qualified community development loans for a total of \$16.1 million. The following details the community development services that occurred during the evaluation period in this AA:

- In 2012, NPB loaned \$10 million to the Redevelopment Authority of the City of Reading. The proceeds of that loan were then loaned to a local university operating in a moderate-income census tract as part of an economic development project approved by the city to construct new buildings and improve existing buildings.
- Throughout the evaluation period, NPB provided six lines of credit totaling \$2.7 million to a not-for-profit organization operating in a low-income census tract providing food and shelter to low- and moderate-income persons. In 2010, NPB also loaned \$2.5 million to the Redevelopment Authority of the City of Reading, which in turn, loaned the proceeds to this organization to finance the construction of an addition to the organization's existing facility.
- Throughout the evaluation period, NPB provided three lines of credit totaling \$850,000 to a not-for-profit organization operating in a moderate-income census tract providing affordable housing to low- and moderate-income special needs persons.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion for the State of Pennsylvania. NPB uses innovative and flexible lending practices in order to serve assessment area credit needs.

#### **Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

Product innovation and flexibility had a positive impact on the Lending Test conclusion for the Allentown-Bethlehem-Easton MSA. NPB offers the following specialized home mortgage loan and home improvement financing programs:

The Community Home Buyer Program is a flexible homebuyer program targeted to low- and moderate- income borrowers. This loan program provides up to 100% financing for low- and moderate-income first-time homebuyers purchasing homes in low- and moderate-income areas and up to 95% financing for low- and moderate-income first-time homebuyers purchasing homes in other areas. During the evaluation period, NPB made 77 loans for approximately \$6.7million under this loan program.

In early 2009, the FHLB of Pittsburgh suspended its First Front Door grant program, a program that provided matching funds to lower income first-time homebuyers to cover down payment and closing costs. In response, NPB developed the Down Payment and Closing Cost Assistance Loan, a subordinate second lien loan program that provides flexible terms. NPB will disburse up to \$5,000 at a rate of 3.25% to low- and moderate-income first-time homebuyers that could be partnered with the bank's Community Home Buyer Program. During the evaluation period, NPB made nine loans for a total of \$32,000 under this program. The FHLB of Pittsburgh reinstated its First Front Door Program in 2013 and will accept homebuyer registrations beginning June 17, 2013. NPB plans to continue the Down Payment and Closing Cost Assistance Loan to assist low and moderate-income customers not able to obtain a grant through the FHLB program.

#### **Reading, PA MSA 39740**

Product innovation and flexibility had a positive impact on the Lending Test conclusion for the Reading MSA. NPB offers the following specialized home mortgage loan and home improvement financing programs:

The Community Home Buyer Program is a flexible homebuyer program targeted to low- and moderate-income borrowers. This loan program provides up to 100% financing for low- and moderate-income first-time homebuyers purchasing homes in low- and moderate-income areas and up to 95% financing for low- and moderate-income first-time homebuyers purchasing homes in other areas. During the evaluation period, NPB made 30 loans for approximately \$2.6 million under this program.

In early 2009, the FHLB of Pittsburgh suspended its First Front Door grant program, a program that provided matching funds to lower income first-time homebuyers to cover down payment and closing costs. In response, NPB developed the Down Payment and Closing Cost Assistance Loan, a subordinate second lien loan program that provides flexible terms. NPB will disburse up to \$5,000 at a rate of 3.25% to low- and moderate-income first-time homebuyers that could be partnered with the bank's Community Home Buyer Program. During the evaluation period, NPB made 17 loans for approximately \$63,000 under this loan program. The FHLB of Pittsburgh reinstated its First Front Door Program in 2013 and will accept homebuyer registrations beginning June 17, 2013. NPB plans to continue the Down Payment and Closing Cost Assistance Loan program to assist low and moderate-income customers not able to obtain a grant through the FHLB program.

In 2004, NPB started a Special Home Improvement Loan Program with Neighborhood Housing Services of Greater Berks (NHS) in response to an identified community need. The underwriting guidelines for this program are flexible. Borrowers are able to obtain a maximum amount of \$5,000 at a rate of 3% and the loan is unsecured. NHS sends out a rehab specialist to assist the borrowers in reviewing the rehab contract. The rehab specialist is responsible for assessing and ensuring the home improvements are completed. During the evaluation period, NPB made 51 loans for a total of \$183,000 under this program.

NPB also participates with NHS in a Home Purchase Loan Program. NHS targets low- and moderate-income homebuyers as well as low- and moderate-income areas in the bank's AA. Under this program, NHS provides subordinate-lien home purchase mortgage financing to low- or moderate-income first-time homebuyers purchasing homes in Berks County. In order for this program to be successful, NHS sells these loans to recapitalize their loan funds. During the evaluation period, NPB purchased 65 loans for a total of \$864,000 from NHS.

NPB implemented the Neighborhood Revitalization and Stabilization (NRS) Small Business Credit Line Program in March 2011. This program provides an unsecured business credit line up to \$5,000 to small businesses located in low- and moderate-income areas as well as qualified businesses that are not eligible for, or in need of, NPB's other loan products. The NRS credit line provides an alternative to small businesses using credit cards to finance their lower dollar credit needs. The program offers terms of prime rate plus 5% and interest only payments as long as the business maintains a deposit account at NPB. During the evaluation period, NPB made one loan under this 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, Scranton-Wilkes Barre MSA, and Schuylkill County non-MSA were not

inconsistent with the bank's overall "Outstanding" performance under the Lending Test in the State of Pennsylvania.

Based on limited-scope reviews, the bank's performance under the Lending Test in the State College MSA is weaker than the bank's overall "Outstanding" performance under the Lending Test in the State of Pennsylvania. For the State College MSA, NPB's geographic distribution for home mortgage loans was poor and the borrower distribution was adequate. NPB's geographic distribution for all small loans to businesses was adequate and the borrower distribution was excellent. Overall lending performance in the AA was adequate. The weaker performance had minimal impact on the overall lending rating. Lending in this AA accounted for approximately 8% of total lending in the State of Pennsylvania.

Based on a limited-scope review of the Monroe County non-MSA, the bank's performance is weaker than the bank's overall "Outstanding" performance under the Lending Test in the State of Pennsylvania. There were no low- or moderate-income geographies in this AA; therefore, this assessment was based on NPB's borrower distribution performance. For the Monroe County non-MSA, the borrower distribution for home mortgage loans was adequate. The borrower distribution for small loans to businesses was good. NPB's overall Lending Test performance in this AA is adequate. The weaker performance had no impact on the overall lending rating. Lending in this AA accounted for less than 2% of total lending in the State of Pennsylvania.

Refer to the Tables 1 through 13 in the State of Pennsylvania section of Appendix D for data that supports these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in Pennsylvania is rated "High Satisfactory." Based on full scope reviews, the bank's performance in the Allentown-Bethlehem-Easton, PA-NJ MSA is good and in the Reading, PA MSA is adequate. The bank's performance under the Investment Test also considers the investments that have a statewide and/or regional impact to include the bank's AAs.

Refer to Table 14 in the State of Pennsylvania section of Appendix D for data used to evaluate the bank's level of qualified investments.

#### **Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

NPB has a good level of qualified investments and grants and exhibits good responsiveness to meeting the identified needs of the Allentown-Bethlehem-Easton MSA. Investments originated during the evaluation period total \$3.0 million and include \$1.0 million in qualifying grants and donations. Investment activity that occurred during the period includes the following:

- During the evaluation period, NPB purchased four GNMA-issued mortgage-backed securities totaling \$7.06 million with the underlying collateral consisting entirely of loans

to low- or moderate-income borrowers in four of the bank's AAs including \$1.77 million in the Allentown-Bethlehem-Easton MSA.

- In 2012, NPB invested \$1 million in a CDFI that provides funding for economic development initiatives in central Pennsylvania with \$125,000 allocated to the Allentown-Bethlehem-Easton AA.
- In 2010, NPB invested \$100,000 in a CDFI that provides funding for small businesses in Lehigh and Northampton counties.

Prior period investments outstanding total \$1.2 million and consist of \$932,000 in MBSs collateralized by loans to low- or moderate-income borrowers in the AA and \$280,000 in investments to organizations generating LIHTC.

### **Reading, PA MSA 39740**

NPB has an adequate level of qualified investments and grants and exhibits good responsiveness to meeting the identified needs of the Reading MSA. Investments originated during the evaluation period total \$1.1 million and include \$268,000 in qualifying grants and donations. The investments originated during the period include the following:

- During the evaluation period, NPB purchased four mortgage-backed securities totaling \$7.06 million issued by GNMA with the underlying collateral consisting entirely of loans to low- or moderate-income borrowers in four of the bank's AAs including \$745,000 in the Reading MSA.
- In 2012, NPB invested \$1 million in a CDFI providing funding for economic development initiatives in central Pennsylvania with \$125,000 allocated to the Reading MSA.

Prior period investments outstanding total \$1.1 million and consist of \$666,000 in MBSs collateralized by loans to low- or moderate-income borrowers in the AA, \$344,000 in investments to organizations generating LIHTC, and \$50,000 to a local economic development whose mission is to spur economic development in Reading.

### **Statewide/Regional Investments**

During the evaluation period, NPB invested \$2.5 million in a SBIC that funds growing small companies operating in the Mid-Atlantic region of the United States including the bank's AAs. Prior period investments total \$8.9 million and include \$8.3 million in SBICs headquartered in the bank's AAs. The SBICs provide equity capital and loans to small businesses operating throughout the United States including businesses operating in the bank's AA's. The prior period investments also include \$577,000 to an organization generating LIHTCs that benefit the larger, statewide and/or regional area that encompasses the bank's AAs.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the non-MSA is not inconsistent with the bank's overall "High Satisfactory" performance in the State of Pennsylvania. In the Lancaster MSA, the bank's performance was stronger than the bank's overall performance in the state as a result of a higher level of investments, grants and donations. In the State College and the Scranton-Wilkes-Barre MSAs, the bank's performance is weaker than the bank's overall performance in the state. The weaker performance in these

AAs is a result of few, if any, investments, grants, and donations in these areas. The weaker performance had little impact on the overall Investment Test rating.

Refer to the Table 14 in the State of Pennsylvania section of Appendix D for data that supports these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Pennsylvania is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Allentown-Bethlehem-Easton MSA is excellent, and performance in the Reading MSA is good. Service delivery systems are accessible to essentially all portions of the institution's AAs. NPB is a leader in providing community development services.

### **Retail Banking Services**

Refer to Table 15 in the State of Pennsylvania section of Appendix D for data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

#### **Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

NPB's delivery systems are accessible to essentially all portions of the AA. NPB operates 37 offices in this AA. One office is located in a low-income geography, seven offices are located in moderate-income geographies, 17 offices are located in middle-income geographies, and 12 offices are located in upper-income geographies.

As a percentage of the total number of offices, 2.70% of the offices were located in low-income geographies where 8.97% of the population lives; and 18.92% of the branches were located in moderate-income geographies where 21.54% of the population lives. The distribution of branches in low-income geographies is somewhat lower than the percentage of the population residing in this geography; and the distribution of NPB's branches in moderate-income geographies is near to the percentage of the population living in this geography. NPB's office in the low-income geography can serve the adjacent five low-income and three moderate-income geographies. The four offices located in moderate-income geographies can also service adjacent moderate-income geographies. Furthermore, NPB has five offices located in middle-income geographies that are in close proximity to and can service adjacent moderate-income geographies.

In addition to the offices, NPB offers alternative delivery systems in the form of ATMs. NPB has 45 ATMs within this AA. ATM services are provided at 41 of the aforementioned offices and four are stand-alone ATMs. NPB offers full service ATMs at 40 locations and five are capable of only dispensing cash. The geographic distribution and location of the bank's ATMs in the various categories of income geographies is similar to its office distribution. There are three ATMs, or 6.67% of ATMs, located in low-income geographies. The percentage of ATMs located in low-income geographies is somewhat lower than the percentage of the population located in these geographies. There are eight ATMs located in moderate-income geographies,

or 17.78% of ATMs. The percentage of ATMs located in moderate-income geographies near to the percentage of the population located in these geographies.

NPB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, NPB opened no offices. Two offices, one in a middle-income geography and one in an upper-income geography, were closed. During the evaluation period, NPB opened one ATM and closed four ATMs—none of which were located in low- or moderate-income geographies.

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Services offered are comparable among locations regardless of the income level of the geography. NPB offers extended hours of operation at 33 offices at least one day per week. This includes five offices located in moderate-income geographies. Additionally, NPB offers Saturday hours at 34 offices; five of these offices are located in moderate-income geographies. Sunday morning hours are provided at nine offices, including one office located in a moderate-income geography. In addition, 27 branches offer drive-through services.

All of the offices offer a full line of traditional banking products and services. NPB offers a variety of checking account products and loan products to serve the needs of its community, including low- and moderate-income individuals. In particular, NPB offers one checking account product that assists low- and moderate-income individuals in maintaining regular checking accounts. NPB's Free Checking Account product has no minimum monthly balance requirements, no monthly service fees, and free online banking and bill payment.

NPB also provides alternative systems for delivering retail banking services to its community through internet banking and bank by phone. Since NPB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on alternative delivery systems.

### **Reading, PA MSA 39740**

NPB's delivery systems are accessible to essentially all portions of the AA. NPB operates 16 branches and three loan centers with branch authorization in this AA. NPB also operates one private banking facility in this AA; however, this facility does not function as a traditional office. Therefore, it is not included in the percentages noted below. One office is located in a low-income geography; three offices are located in moderate-income geographies; 11 offices are located in middle-income geographies; and four offices are located in upper-income geographies.

As a percentage of the total number of offices, 5.26% of the offices were located in low-income geographies where 14.59% of the population lives; and 15.79% of the branches were located in moderate-income geographies where 6.51% of the population lives. The distribution of branches in low-income geographies is somewhat lower than the percentage of the population residing in this geography; and the distribution of NPB's branches in moderate-income geographies exceeds the percentage of the population living in this geography. The office

located in the low-income geography is adjacent to, and can service, eight low-income geographies and one moderate-income geography.

In addition to the offices, NPB offers alternative delivery systems in the form of ATMs. NPB has 17 ATMs within this AA. There are 13 full-service ATMs associated with the aforementioned offices, one cash dispensing ATM associated with an office, two full-service stand-alone ATMs, and one cash dispensing only stand-alone ATM. There are two ATMs located in low-income geographies, or 11.76% of ATMs, with the percentage of ATMs located in low-income geographies near to the percentage of the population located in these geographies. One ATM is located in a moderate-income geography, or 5.88% of ATMs, with the percentage of ATMs located in moderate-income geographies near to the percentage of the population located in these geographies. During the evaluation period, three ATMs, including a stand-alone, cash-only dispensing ATM located in a moderate-income geography, were closed.

NPB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, no offices were acquired or opened. NPB closed one office in a middle-income geography.

Hours and services do not vary in a way that inconveniences portions of the assessment area, particularly low-income geographies and low-income individuals. Services offered are comparable among locations regardless of the income level of the geography. Extended hours are offered at least one day per week and Saturday hours are offered in 15 offices in the AA. NPB also offers drive-through services with extended hours at 15 offices. We noted the one office located in a low-income geography does not offer extended weekday hours nor any weekend hours; it also does not have a drive-through. However, the location of the office does not allow for drive-through access.

All offices offer a full line of traditional banking products and services. NPB offers a variety of checking account products and loan products to serve the needs of its community, including low- and moderate-income individuals. In particular, NPB offers one checking account product that assists low- and moderate-income individuals in maintaining regular checking accounts. NPB's Free Checking Account product that has no minimum monthly balance requirements, no monthly service fees, and free online banking and bill payment.

NPB also provides alternative systems for delivering retail banking services to its community through internet banking and bank by phone. Since NPB could not provide specific information on how low- and moderate-income individuals have benefited from these services, no weight was placed on alternative delivery systems.

## **Community Development Services**

NPB's performance in providing community development services is excellent in the Allentown-Bethlehem-Easton MSA and good in the Reading MSA.

**Allentown-Bethlehem-Easton, PA-NJ MSA 10900**

NPB is a leader in providing community development services within this AA. Bank management and employees provide financial and technical expertise through their direct involvement with several qualified community development organizations and participation in numerous workshops, presentations, and seminars. Their community development services are responsive to the community development needs of the AA and focus on small businesses, economic development, revitalization and stabilization of low- and moderate-income areas, affordable housing for low- and moderate-income individuals, and community services targeted primarily to low- and moderate-income individuals. The following details the community development services that occurred during the evaluation period:

- A vice president offers financial expertise while serving on the board of a local alcohol and drug abuse council whose mission is to provide education, intervention, prevention, and treatment to low- and moderate-income persons.
- In 2010, a senior vice president offered financial expertise while serving as a committee member for a housing organizations working to expand affordable housing options for low- and moderate-income borrowers in the Lehigh Valley. In 2010 and 2011, this SVP offered financial expertise while serving as a committee member on two County Advisory Committees whose mission was to review and opine on requests for Act 137 funds. In 1992, Pennsylvania State Legislature passed Act 137 which permits 66 of the state's 67 counties (excluding Philadelphia) to raise additional revenues to be used for affordable housing needs by increasing fees for recording mortgages and deeds.
- Since 2011, a vice president offered financial expertise while serving as a board member of an organization created to oversee the neighborhood revitalization program in Allentown.
- Throughout the examination, a senior vice president offered financial expertise while serving as a board member of an organization that acquires, renovates, and sells homes to low- and moderate-income persons and families.
- From 2010 through 2012, a senior vice president offered financial expertise while serving as a board member of a locally operated housing complex renting units to low-income families, elderly individuals of low- to moderate-income, and the disabled.
- In 2010, 2011, and 2012 three different senior vice presidents offered financial expertise while serving as committee members to a community development organization that promotes and facilitates community revitalization through the financing of, and investment in, housing and community development activities, which will address the needs of low- and moderate-income persons and areas throughout Pennsylvania including Lehigh and Northampton counties.
- In 2010, an employee provided financial expertise while serving as a board member of a CDFI providing loans to small businesses.
- Throughout the examination period, up to three employees offered financial expertise by sitting on a loan committee of an organization that provides automobile loans to low-income borrowers. Another employee also offered financial expertise by serving as a board member of the parent organization.
- Throughout the examination, a vice president provided financial expertise while serving as a board member, treasurer, and member of the Finance Committee of an organization that works to revitalize neighborhoods in Allentown through the development of affordable housing for low- and moderate-income families, providing employment and job training and pursuing community development initiatives. In 2010

and 2011, another vice president also served as a board member and member of the Finance Committee for this organization.

- Throughout the examination, a senior vice president provided financial expertise while serving as a board member, treasurer, and member of the Finance Committee of an organization that operates a food pantry and provides poverty assistance.
- Throughout the examination, a vice president provided financial expertise while serving as a board member for an organization that provides housing for homeless persons with serious and persistent mental illness.
- In 2010 and 2011, a vice president provided financial expertise while serving as a Board member and member of the Loan Committee for an organization that provides affordable home loans to low- and moderate-income, first-time homebuyers as well as home improvement loans to low- and moderate-income homeowners. In 2012, another vice president became a board member, and in 2013, another vice president began serving on the organization's Loan Committee.
- In 2010, a senior vice president provided financial expertise while serving as a board member, treasurer and member of the Loan Committee for an organization focused on economic development and revitalization of Northampton County by assisting companies in obtaining below market rate taxable and tax exempt financing.
- In 2010 and 2011, a vice president provided financial expertise while serving as a board member at an organization that provides financial education and housing to predominately low- and moderate-income persons. This employee also serves on the committee which develops the financial education curriculum.
- Throughout the examination, a senior vice president provided financial expertise while serving as a board member and treasurer for an organization working to revitalize and stabilize the former Bethlehem Steel area.
- Throughout the examination, a vice president provided financial expertise while serving as a board member of an organization which promotes economic development in the Lehigh Valley.
- In 2010, a vice president provided financial expertise by serving on the Loan Committee of an organization that provided small business loans to businesses located in Allentown, Bethlehem, and Easton.
- Throughout the examination, a vice president provided financial expertise by serving on the Finance Committee of an organization that provides community services and housing to low- and moderate-income persons and families.
- Throughout the examination, a senior vice president provided financial expertise by serving on the board of an organization that provides care, services, and facilities to the homeless, the hungry, the mentally ill, and the poor.
- From 2010 through 2012, a senior vice president provided financial expertise by serving on the Loan Committee of an organization looking to retain existing businesses and encourage new businesses to relocate to the city of Bethlehem where half of the census tracts are low- or moderate-income.
- In 2010 and 2011, a vice president provided financial expertise by serving on the board of a local Habitat for Humanity which provides affordable housing to low- and moderate-income families.
- Throughout the examination, a vice president provided financial expertise by serving on the board of an organization that provides affordable housing to low- and moderate-income families and seniors.

- Throughout the examination, an executive vice president provided financial expertise by serving as a board member for an organization that provides community services directed at low- and moderate-income families.
- A senior vice president and a vice president worked with an affordable housing group to secure funds from the Federal Home Loan Bank of Pittsburgh for seven affordable homeownership opportunities for low- and moderate-income, first-time homebuyers.
- Since 2012, a vice president served on the Loan Committee of an organization that provides funding to small businesses located in the City of Allentown, which is predominately low- and moderate-income census tracts, with the goal of revitalizing and stabilizing downtown Allentown.
- Throughout the evaluation period, bank management and employees conducted and/or participated in over 50 training sessions providing financial literacy education to low- and moderate-income students, low- and moderate-income homebuyers, and small business owners.

### **Reading, PA MSA 39740**

NPB provides a relatively high level of CD services within the Reading MSA. Financial and technical expertise is provided by bank management and employees to qualified community organizations and through participation in financial literacy workshops, providing microfinance loans, affordable housing, and education. The CD services are responsive to the community development needs in the area. The following is a list of CD services provided during the evaluation period:

- Several employees serve in various capacities providing financial expertise to an organization working to provide affordable housing to low- and moderate-income persons. An SVP has been a long-standing member of the organization and currently serves as the Board President. For the duration of the examination, a vice president has served on one of the organization's committees which provides a suggested course of action on delinquent loans. Since 2011, an employee has served on the Loan Committee which reviews and decisions loan applications. In 2010 and 2011, an employee served on a committee which reviews project plans and budgets for feasibility and makes recommendations to the Board for project selection. In 2010, a senior vice president provided training to the organization's employees regarding the Home Affordable Modification Program (HAMP) program. In 2011, that same SVP along with another vice president provided training to provide assistance in the development of the foreclosure mitigation initiative in Berks County. This organization also provides subordinate lien home purchase mortgage financing to low- and moderate-income first time homebuyers. Excluding collection activity, the bank provides the servicing for these loans at a greatly reduced cost. Additionally, throughout the evaluation period, bank personnel and bilingual bank personnel have conducted five home ownership training sessions for the organization with a substantial majority of the attendees being low- or moderate-income persons.
- Throughout the examination period, a senior vice president provided financial expertise while serving as a board member for an organization that provides a comprehensive array of services designed to meet the needs of the low- and moderate-income population across Berks County. Services provided include budget counseling, credit card debt assistance, weatherization and housing and rent assistance, youth mentoring, family development, and case management. For a short time in 2012 and 2013, a

second senior vice president also served on the board and filled the role of “Financial Expert.” Additionally, since 2011, bank employees have conducted nine basic banking training sessions for low- and moderate-income persons through this organization.

- Since 2011, an assistant vice president provided financial expertise while serving as a board member for an organization that provides affordable housing to low- and moderate-income families. Since 2013, a second assistant vice president has worked with the client families to prepare them for home ownership.
- Throughout the examination period, a senior vice president provided financial expertise while serving as a board and committee member for an organization that provides child care and affordable housing to homeless and low-income persons. Throughout the examination period, a second senior vice president has been a member of the organization’s Finance Committee. Additionally, in 2013, a bank employee conducted a basic financial education seminar for the clientele served by the organization.
- Throughout the examination period, a senior vice president provided financial expertise while serving as a board member for an organization that provides transitional housing and support for families in the Boyertown Area who are homeless or near homeless.
- From 2011 through 2013, a senior vice president providing financial expertise while serving as a board member for an organization working to revitalize and stabilize the Greater Reading area.
- In 2011, a senior vice president worked with an organization that is the lead provider of entrepreneurial, small business development services and resources to Latino-serving economic development organizations to coordinate a focus group meeting at the bank’s Reading facility. Additionally, throughout the evaluation period, bank personnel conducted 11 training sessions on business financial statements and analysis for low- and moderate-income persons.
- From 2010 through 2012, bank personnel conducted 12 financial literacy classes for low- and moderate-income schoolchildren in the Reading school district.

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

Based on limited-scope reviews, the bank’s performance under the Service Test in the State College MSA is not inconsistent with the bank’s overall “Outstanding” performance under the Service Test in the State of Pennsylvania. The bank’s performance in the Lancaster MSA, the Scranton-Wilkes-Barre MSA, and the non-MSA assessment area is weaker than the bank’s overall “Outstanding” performance under the Service Test in the State of Pennsylvania. NPB’s performance in the limited-scope AAs is based on its distribution of branches by income level and the bank’s record of opening and closing branches as well as community development activities. NPB’s performance is weaker in the Lancaster and Scranton-Wilkes Barre MSAs and the non-MSA assessment area because the bank has a limited number of branches in these AAs making delivery systems reasonably accessible to essentially all portions of the AAs. The weaker performance in these AAs had limited impact on the overall Service Test rating.

Refer to Table 15 in the State of Pennsylvania section of Appendix D for data that supports 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 nonmetropolitan areas that received comprehensive examination review (designated by the term “full scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (1/1/10 to 12/31/11) and (1/1/12 to 12/31/12) Investment and Service Tests and CD Loans: (4/6/10 to 6/3/13)	
<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 <ul style="list-style-type: none"> <li>• Philadelphia, PA MD 37964</li> <li>• Wilmington, DE-MD-NJ MD 48864</li> </ul> State of Pennsylvania <ul style="list-style-type: none"> <li>• Allentown-Bethlehem-Easton, PA-NJ MSA 10900</li> <li>• Reading, PA MSA 39740</li> <li>• Lancaster, PA MSA 29540</li> <li>• Scranton-Wilkes-Barre, PA 42540</li> <li>• State College, PA MSA 44300</li> <li>• Schuylkill County, Non-MSA</li> <li>• Monroe County, Non-MSA</li> <li>• York-Hanover, PA MSA 49620</li> </ul>	Full-Scope  Limited-Scope  Full-Scope Full-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope	Only reviewed during the evaluation period using the 2000 census

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

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

(\*) 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 Multistate Metropolitan Area (MSA) 37980

#### Philadelphia, PA MD 37964

Demographic Information for Full Scope Area: Philadelphia, PA MD 37964						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	584	2.40	8.39	33.90	54.62	0.68
Population by Geography	2,337,333	2.01	7.57	32.27	57.85	0.29
Owner-Occupied Housing by Geography	648,525	0.95	5.68	31.25	62.12	0.00
Business by Geography	314,594	1.69	5.76	29.22	63.30	0.03
Farms by Geography	6,119	0.29	4.66	32.82	62.23	0.00
Family Distribution by Income Level	588,260	13.72	14.07	19.29	52.93	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	163,454	4.13	14.53	41.43	39.91	0.00
Median Family Income		74,808	Median Housing Value		324,508	
HUD Adjusted Median Family Income for 2012		79,200	Unemployment Rate		8.5%	
Households Below Poverty Level		7%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census Data, 2012 HUD updated MFI, and Bureau of Labor Statistics unemployment rate as of 3/31/13

NPB's Philadelphia MD assessment area is a portion of the Philadelphia MD, which is a subset of the larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA. The Philadelphia MD includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania. NPB designated all of Bucks, Chester, and Montgomery counties and the portions of Delaware and Philadelphia counties the bank could reasonably service as its AA.

The Philadelphia MD assessment area is comprised of 584 census tracts following the 2010 census changes. There are 14 low-income tracts, 49 moderate-income tracts, 198 middle-income tracts, 319 upper-income tracts, and four tracts that have not been assigned an income classification. Since the 2000 census, the amount of low-income tracts increased by four; moderate-income tracts increased by three; and upper-income tracts increased by 10. The amount of middle-income tracts in the AA reduced by 20. This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 2010 U.S. Census data, the AA had a total population of 2,337,333. The AA contains 588,260 families, and 13.72% are low-income; 14.07% are moderate-income; 19.29% are middle-income; and 52.93% are upper-income. There are 884,515 households, and 60,267, or 6.81%, of the households are below the poverty level. The 2010 median family income was \$74,808, and the 2012 HUD updated median family income is \$79,200.

The 2010 U.S. Census data reported 945,190 housing units in the AA. Approximately 69% are owner-occupied; 25% are rental-occupied; and 6% are vacant housing units. Of all owner-occupied housing, 0.95% is located in low-income geographies; 5.68% is located in moderate-income geographies; 31.25% is located in middle-income geographies; and 62.12% is located in upper-income geographies. The median housing cost is \$324,508. According to the 2000 U.S. census data, the median housing cost was \$168,900.

Based on the housing value and the 2012 HUD update median family income, there is a lack of affordability for a low-income individuals or families to purchase a home. According to the above, the average median housing value is \$324,508, and a low-income individual or family earns less than \$39,600 annually.

According to the 2012 Business Geodemographics, there are 314,594 businesses and 6,119 farms in this AA. Approximately 70% of the businesses reporting have revenues less than or equal to \$1 million; approximately 4% of businesses reporting have revenues greater than \$1 million; and 26% of businesses did not report revenue information. There are 5,317 (1.69%) businesses located in low-income geographies, 18,121 (5.76%) in moderate-income geographies, 91,924 (29.22%) in middle-income geographies, and 199,138 (63.30%) in upper-income geographies. A small amount of businesses are located in geographies that have not been assigned an income classification.

The primary industries and strengths for the Philadelphia area are health care services, medical research, hospitals, educational institutions, and state and local government. Some of the major employers include: Jefferson Health System, Inc., University of Pennsylvania, Merck & Company, Inc., University of Pennsylvania Health System, Main Line Health System, Children's Hospital of Pennsylvania, Vanguard Group, and Temple University.

According to the Bureau of Labor Statistics, the March 31, 2013 non-seasonally adjusted unemployment rate for the Philadelphia-Camden-Wilmington MSA was 8.5%, which was higher than the Pennsylvania unemployment rate of 7.9% and the national unemployment rate of 7.6%. The unemployment rate, as of March 31, 2013, was 7.4% for Bucks County, 5.9% for Chester County, 7.7% for Delaware County, 6.7% for Montgomery County, and 10.1% in Philadelphia County.

NPB operates 44 of its 126 branches in the Philadelphia MD, accounting for approximately 98% of the total number of branches within this Multistate MSA. The bank has 39 branches with extended hours of operation at least one day a week and four of these branches are located in moderate-income geographies. There are 35 branches which offer Saturday morning hours, and two branches offer Sunday hours. NPB has 35 branches which offer drive-through services, and 21 of the drive-through locations offer extended hours. All of the branches offer a full line of traditional banking products and services.

Competition for both loans and deposits is strong in this AA, especially from larger multistate financial institutions. According to the June 30, 2012 FDIC Summary of Deposit Market Share report, NPB ranked 19<sup>th</sup> out of 143 institutions with a 0.42% deposit market share in the Philadelphia-Camden-Wilmington MSA. In the Philadelphia MD, NPB ranked 10<sup>th</sup> out of 94 institutions with a 1.74% deposit market share. According to the same deposit data, NPB's major competitors in the Philadelphia MD are Wells Fargo Bank, NA (ranked 1<sup>st</sup> with 156

offices and a 21.80% deposit market share), Citizens Bank of PA (ranked 2<sup>nd</sup> with 161 offices and an 14.71% deposit market share), PNC Bank, NA (ranked 3<sup>rd</sup> with 103 offices and an 10.68% deposit market share), TD Bank, NA (ranked 4<sup>th</sup> with 88 offices and a 10.10% deposit market share), and Bank of America, NA (ranked 5<sup>th</sup> with 65 offices and a 6.55% deposit market share).

Based upon the 2011 HMDA peer mortgage data, NPB ranked 42<sup>nd</sup> out of 625 lenders with a 0.44 percent lending market share by number of loans. The top five lenders were Wells Fargo Bank, NA (19.58% market share), JPMorgan Chase Bank NA (7.60% market share), Bank of America (5.64% market share), GMAC Mortgage LLC (4.18% market share), and ALLY Bank (3.86% market share).

During this examination, we made one community contact to determine the credit needs of the local community. We contacted a non-profit service organization that provides affordable housing for low- and moderate- income individuals. The contact indicated the primary credit needs of the local-community were for home purchase, home improvement, and mortgage refinance loans. The contact noted that low- and moderate-income individuals in the Norristown and Pottstown areas are having difficulties refinancing their mortgages because property values have diminished and values are less than the outstanding loan amount. The contact stated that there were opportunities for local financial institutions to develop refinance programs for low- and moderate-income borrowers with “underwater” mortgages. NPB was named as a leader in the local community for affordable housing and home improvement programs.

## State of Pennsylvania

### Allentown-Bethlehem-Easton, PA-NJ MSA 10900

Demographic Information for Full Scope Area: Allentown-Bethlehem-Easton, PA-NJ MSA 10900						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	156	10.26	22.44	44.23	23.08	0.00
Population by Geography	712,481	8.97	21.54	42.81	26.69	0.00
Owner-Occupied Housing by Geography	196,812	4.06	17.36	48.43	30.15	0.00
Business by Geography	63,399	7.36	20.23	42.52	29.89	0.00
Farms by Geography	1,474	1.29	9.50	57.87	31.34	0.00
Family Distribution by Income Level	186,008	20.72	19.05	22.05	38.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	73,966	15.01	29.42	40.47	15.10	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		68,935 73,300 10%	Median Housing Value Unemployment Rate		198,625 8.10%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census Data, 2012 HUD updated MFI, and Bureau of Labor Statistics unemployment rate as of 3/31/13

NPB's designated AA consists of the Pennsylvania portion of the Allentown-Bethlehem-Easton MSA. This includes the entire counties of Carbon, Lehigh, and Northampton. NPB excluded Warren County in New Jersey because the bank does not have branches in this county.

The Allentown-Bethlehem-Easton MSA assessment area is comprised of 156 census tracts following the 2010 census changes. There are 16 low-income tracts, 35 moderate-income tracts, 69 middle-income tracts, and 36 upper-income tracts. Since the 2000 census, the amount of low-income tracts increased by seven; moderate-income tracts increased by one; and upper-income tracts increased by 11. The amount of middle-income tracts in the AA reduced by three. This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 2010 U.S. Census data, the AA had a total population of 712,481. The AA contains 186,008 families, and 20.72% are low-income; 19.05% are moderate-income; 22.05% are middle-income; and 38.18% are upper-income. There are 270,919 households, and 26,610 or 9.82% of the households are below the poverty level. The 2010 median family income was \$68,935, and the 2012 HUD updated median family income is \$73,300.

The 2010 U.S. Census data reported 293,936 housing units in the AA. Approximately 67% are owner-occupied; 25% are rental-occupied; and 8% are vacant housing units. Of all owner-occupied housing, 4.06% is located in low-income geographies; 17.36% is located in moderate-income geographies; 48.43% is located in middle-income geographies; and 30.15% is located in upper-income geographies. The median housing cost is \$198,625. The median housing cost according to the 2000 census was \$109,923.

Based on the housing value and the 2012 HUD update median family income, there is a lack of affordability for a low-income individuals or families to purchase a home. According to the above, the average median housing value is \$198,625, and a low-income individual or family earns less than \$36,650 annually.

According to the 2012 Business Geodemographics, there are 63,399 businesses and 1,474 farms in this AA. Approximately 70% of the businesses reporting have revenues less than or equal to \$1 million; approximately 4% of businesses reporting have revenues greater than \$1 million; and 26% of businesses did not report revenue information. There are 4,666 (7.36%) businesses located in low-income geographies, 12,826 (20.23%) in moderate-income geographies, 26,957 (42.52%) in middle-income geographies, and 18,950 (29.89%) in upper-income geographies.

The primary industries in this area are state and local government, medical and surgical hospitals, restaurants, and services. Some of the major employers in this area are: Lehigh Valley Hospital and Health Network, St. Luke's Hospital and Health Network, Air Products and Chemicals, Inc., PPL Corporation, and Giant Food Stores.

According to the Bureau of Labor Statistics, the March 31, 2013 non-seasonally adjusted unemployment rate for the Allentown-Bethlehem-Easton MSA was 8.1%, which was higher than the Pennsylvania unemployment rate of 7.9% and the national unemployment rate of 7.6%. The unemployment rate, as of March 31, 2013, was 10.2% for Carbon County, 8.1% for Lehigh County, and 9.1% for Northampton County.

NPB operates 37 of its 126 branches in this AA. The branches in this AA account for approximately 46% of the total number of branches in the State of Pennsylvania. Thirty-four branches have extended hours of operation at least one day a week, and five of these branches are located in moderate-income geographies. Thirty-four branches offer Saturday morning hours, including five branches that are located in moderate-income geographies. Ten branches offer Sunday morning hours, including one branch that is located in a moderate-income geography. In addition, 27 branches offer drive-through services. All of the branches offer a full line of traditional banking products and services.

Competition for both loans and deposits is strong in this AA, especially from larger multistate financial institutions. According to the June 30, 2012 FDIC Summary of Deposit Market Share report, NPB ranked second out of 35 institutions with an 11.35% deposit market share in the Allentown-Bethlehem-Easton MSA. According to the same deposit data, NPB's major competitors in this area are Wells Fargo Bank, NA (ranking 1<sup>st</sup> with 47 offices and a 23.22% market share), PNC Bank, NA (ranking 3<sup>rd</sup> with 33 offices and a 10.36% market share), Lafayette Ambassador Bank (ranking 4<sup>th</sup> with 23 offices and a 7.35% market share), and Bank of America, NA (ranking 5<sup>th</sup> with 20 offices and a 5.37% market share).

Based upon the 2011 HMDA Peer Mortgage data, NPB ranked sixth out of 405 lenders with a 2.68% lending market share by number of loans. The top five lenders were Wells Fargo Bank, NA (18.91% market share), Bank of America NA (8.09% market share), JPMorgan Chase Bank, NA (7.68% market share), GMAC Mortgage LLC (3.01% market share), and Ally Bank (2.81% market share).

During this examination, we made one community contact to determine the credit needs of this area. We contacted a community service organization that provides community services including affordable housing, financial counseling, job preparation, food and housing assistance as well as small business assistance. The contact stated that the credit needs of the community were largely for mortgage originations for low- and moderate-income individuals, small business lending, as well as community development and branch services in underserved communities. The contact noted that there are numerous opportunities for local financial institutions to provide mortgages for affordable housing as well as increasing small business lending. NPB was noted as the leading financial institution for community development involvement and mortgage lending in the contact's market.

## State of Pennsylvania

### Reading, PA MSA 39740

Demographic Information for Full Scope Area: Reading, PA MSA 39740						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	90	20.00	10.00	51.11	18.89	0.00
Population by Geography	411,442	14.95	6.51	53.63	24.92	0.00
Owner-Occupied Housing by Geography	112,068	7.11	5.12	60.26	27.51	0.00
Business by Geography	33,088	10.93	7.31	54.54	27.22	0.00
Farms by Geography	1,349	1.11	5.49	68.64	24.76	0.00
Family Distribution by Income Level	106,995	20.50	17.37	23.18	38.95	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	40,516	26.91	9.59	49.13	14.37	0.00
Median Family Income		63,724	Median Housing Value	161,392		
HUD Adjusted Median Family Income for 2012		68,000	Unemployment Rate	7.70%		
Households Below Poverty Level		11%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census Data, 2012 HUD updated MFI, and Bureau of Labor Statistics unemployment rate as of 3/31/13

NPB's Reading MSA assessment area is comprised of all 90 census tracts in Berks County following the 2010 census changes. There are 18 low-income tracts, nine moderate-income tracts, 46 middle-income tracts, and 17 upper-income tracts. Since the 2000 census the amount of low-income tracts increased by nine and upper-income tracts increased by eight. The amount of moderate-income tracts reduced by seven and middle-income tracts reduced by two. This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. All 18 low-income census tracts and seven of the moderate-income tracts are located in the city of Reading, which has realized extensive economic struggles. The 2010 US Census revealed that at 41.3%, the city of Reading has the largest percentage of impoverished residents than any other city with a population of 65,000 or more.

According to the 2010 U.S. Census data, the AA had a total population of 411,442. The AA contains 106,995 families, and 20.50% are low-income; 17.37% are moderate-income; 23.18% are middle-income; and 38.95% are upper-income. There are 153,307 households, and 16,497 or 10.76% of the households are below the poverty level. The 2010 median family income was \$63,724, and the 2012 HUD updated median family income is \$68,000.

The 2010 U.S. Census data reported 163,574 housing units in the AA. Approximately 69% are owner-occupied; 25% are rental-occupied; and 6% are vacant housing units. Of all owner-occupied housing, 7.11% is located in low-income geographies; 5.12% is located in moderate-income geographies; 60.26% is located in middle-income geographies; and 27.51% is located in upper-income geographies. The median housing cost is \$161,392. The median housing cost according to the 2000 census was \$99,209.

Based on the housing value and the 2012 HUD update median family income, there is a lack of affordability for a low-income individuals or families to purchase a home. According to the above, the average median housing value is \$161,392, and a low-income individual or family earns less than \$34,000.

According to the 2009 Business Geodemographics, there are 33,088 businesses and 1,349 farms in this AA. Approximately 71% of the businesses reporting have revenues less than or equal to \$1 million; approximately 4% of businesses reporting have revenues greater than \$1 million; and 25% of businesses did not report revenue information. There are 3,617 (10.93%) businesses located in low-income geographies, 2,419 (7.31%) in moderate-income geographies, 18,046 (54.54%) in middle-income geographies, and 9,006 (27.22%) in upper-income geographies.

The primary industries in the AA are state and local government, medical and surgical hospitals, full-service restaurants, and manufacturing. Some of the major employers in the AA include: Reading Hospital and Medical Center, East Penn Manufacturing Company, Inc., Carpenter Technology Corporation, Wal-Mart Stores, Inc., Boscov's Department Store, Sovereign Bancorp, Inc. and Redner's Warehouse Markets.

According to the Bureau of Labor Statistics, the March 31, 2013 non-seasonally adjusted unemployment rate for the Reading, PA MSA was 7.7%, which was lower than the Pennsylvania unemployment rate of 7.9% and slightly higher than the national unemployment rate of 7.6%.

NPB operates 19 of its 126 branches in this AA. The branches in this AA account for approximately 23% of the total number of branches within the State of Pennsylvania. Sixteen branches have extended hours of operation at least one day a week. Sixteen branches offer Saturday morning hours, and four branches offer Sunday hours. Fifteen branches offer drive-through services, and seven of the drive-through locations offer extended hours. While the branch located in a moderate-income geography does not have drive-through capabilities, it does offer extended weekday hours, Saturday hours, and Sunday hours. All of the branches offer a full line of traditional banking products and services.

Competition for both loans and deposits is strong in this AA, especially from larger multistate financial institutions. According to the June 30, 2012 FDIC Summary of Deposit Market Share report, NPB ranked third out of 21 institutions with a 15.30% deposit market share in the Reading MSA. According to the same deposit data, NPB's major competitors in the this AA are Sovereign Bank, (ranked 1<sup>st</sup> with 12 offices and a 22.64% deposit market share), Wells Fargo Bank (ranked 2<sup>nd</sup> with 18 offices and a 17.55% deposit market share), VIST Bank (ranked 4<sup>th</sup> with 15 offices and a 8.75% deposit market share), and Manufacturers & Traders Trust Co. Inc. (ranked 5<sup>th</sup> with 14 offices and a 6.38% deposit market share).

Based upon the 2011 HMDA peer mortgage data, NPB ranked eighth out of 319 lenders with a 2.36% lending market share by number of loans. The top five lenders were Wells Fargo Bank, NA (19.41% market share), JPMorgan Chase Bank, NA (9.38% market share), Bank of America, NA (6.77% market share), Mortgage America (6.06% market share), and Sovereign Bank (4.63% market share).

During this examination, we made one community contact with a neighborhood-based nonprofit housing agency to determine the credit needs of this area. The contact indicated that the primary credit and financial needs of the community were largely for mortgage loans, small-dollar home improvement loans, and financial services counseling. The contact noted that there are plenty of opportunities for local financial institutions to provide their financial knowledge and expertise to local organizations that support community development through financial education, to provide mortgages for affordable housing with attractive rates in low- and moderate-income geographies, and to provide funding for home improvement microloans. NPB was identified as the leader for community development involvement in the contact's market.

## 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. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 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. *This table was not included.*
- 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. *This table was not included.*

- 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. *This table was only included for the State of Pennsylvania analysis.*
- 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. *This table was only included in the State of Pennsylvania analysis.*

**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. *This table was not included.*

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

## **Tables of Performance Data**

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**Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan (MSA) 37980 -  
Evaluation period using the 2000 census data**

**Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan (MSA) 37980 -  
Evaluation period using the 2010 census data**

**State of Pennsylvania – Evaluation period using the 2000 census data**

**State of Pennsylvania – Evaluation period using the 2010 census data**

Table 1. Lending Volume

LENDING VOLUME												
Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980												
Evaluation Period: January 1, 2010 to December 31, 2011												
Assessment Area (2011):	% 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>												
Philadelphia, PA MD 37964	98.73	1,183	195,186	1,366	330,426	327	38,272	21	48,378	2,876	563,884	98.77
<b>Limited Review:</b>												
Wilmington, DE-MD-NJ MD 48864	1.27	17	1,461	15	2,904	5	620	0	0	37	4,985	1.23

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from April 6, 2010 to June 3, 2013.

\*\*\* Deposit Data as of June 30, 2012. 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-NJ-DE-MD MSA 37980													
Evaluation Period: January 1, 2010 to December 31, 2011															
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>															
Philadelphia, PA MD 37964	223	100.00	0.46	0.00	4.83	4.93	32.89	43.50	61.82	51.57	0.33	0.00	0.39	0.50	0.25
<b>Limited Review:</b>															
Wilmington, DE-MD-NJ MD 48864	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied 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-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2010 to December 31, 2011																
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	297	96.43	0.46	1.35	4.83	4.71	32.89	47.14	61.82	46.80	2.46	11.54	2.33	4.11	1.49	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	11	3.57	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	4.17	0.00	0.00	4.17	0.00	

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the 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-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2010 to December 31, 2011																
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	655	99.24	0.46	0.00	4.83	3.82	32.89	37.10	61.82	59.08	0.36	0.00	0.76	0.49	0.30	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	5	0.76	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.11	0.00	0.00	0.11	0.00	

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the 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-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2010 to December 31, 2011																
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 Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	1,366	98.91	1.70	0.44	6.98	7.47	28.92	37.41	62.40	54.69	1.12	0.27	0.94	1.53	1.05	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	15	1.09	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.81	0.00	0.00	1.00	0.00	

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980													
Evaluation Period: January 1, 2010 to December 31, 2011															
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	223	100.00	12.29	18.28	14.44	17.20	21.00	21.51	52.26	43.01	0.33	1.22	0.34	0.29	0.25
<b>Limited Review:</b>															
Wilmington, DE-MD-NJ MD 48864	0	0.00	18.29	0.00	22.30	0.00	27.56	0.00	31.85	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 16.6% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2010 to December 31, 2011																
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****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	297	96.43	12.29	17.99	14.44	21.45	21.00	26.30	52.26	34.26	2.51	5.16	3.13	3.07	1.59	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	11	3.57	18.29	27.27	22.30	27.27	27.56	18.18	31.85	27.27	4.62	16.67	5.56	0.00	4.55	

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.6% of loans originated and purchased by bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2010 to December 31, 2011																
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	655	99.24	12.29	6.64	14.44	16.45	21.00	24.25	52.26	52.66	0.40	0.88	0.50	0.39	0.35	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	5	0.76	18.29	0.00	22.30	40.00	27.56	40.00	31.85	20.00	0.13	0.00	0.00	0.46	0.00	

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 8.0% of loans originated and purchased by bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2010 to December 31, 2011									
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	1,366	98.91	64.00	32.65	42.61	25.26	32.14	1.12	0.83
<b>Limited Review:</b>									
Wilmington, DE-MD-NJ MD 48864	15	1.09	74.32	53.33	46.67	33.33	20.00	0.81	1.20

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.20% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980									
Evaluation Period: April 6, 2010 to June 3, 2013									
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	6	3,826	134	6,578	140	10,404	99.92	1	1,500
<b>Limited Review:</b>									
Wilmington, DE-MD- NJ MD 48864	0	0	03	8	3	8	0.08	0	0

\* 'Prior Period Investments' means investments made in a previous 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 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: Statewide/Regional Investments									
Evaluation Period: April 6, 2010 to June 3, 2013									
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>									
Statewide/Regional Investments that benefit more than one assessment area	5	8,867	1	2,500	6	11,367	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous 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-NJ-DE-MD MSA 37980							
Evaluation Period: April 6, 2010 to June 3, 2013																	
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>																	
Philadelphia, PA MD 37964	98.77	44	97.78	2.27	9.09	38.64	50.00	2	2	+1	0	-2	+1	2.01	7.57	32.27	57.85
<b>Limited Review:</b>																	
Wilmington, DE-MD-NJ MD 48864	1.23	1	2.22	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00

Table 1. Lending Volume

LENDING VOLUME													Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980												
Evaluation Period: January 1, 2012 to December 31, 2012																									
Assessment Area (2012):	% 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>																									
Philadelphia, PA MD 37964	99.49	616	121,727	752	187,044	195	23,172	21	48,378	1,563	331,943	98.77													
<b>Limited Review:</b>																									
Wilmington, DE-MD-NJ MD 48864	0.51	2	290	3	393	3	140	0	0	8	823	1.23													

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from April 6, 2010 to June 3, 2013.

\*\*\* Deposit Data as of June 30, 2012. 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-NJ-DE-MD MSA 37980													
Evaluation Period: January 1, 2012 to December 31, 2012															
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>															
Philadelphia, PA MD 37964	146	100.00	0.95	0.00	5.68	12.33	31.25	36.30	62.12	51.37	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Wilmington, DE-MD-NJ MD 48864	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2012 to December 31, 2012																
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	74	98.67	0.95	2.70	5.68	9.46	31.25	44.59	62.12	43.24	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	1	1.33	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2012 to December 31, 2012																
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	391	99.74	0.95	0.77	5.68	3.07	31.25	31.71	62.12	64.45	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	1	0.26	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2012 to December 31, 2012																
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 Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	752	99.60	1.69	1.06	5.76	8.11	29.22	40.82	63.30	50.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	3	0.40	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Source Data - Dun and Bradstreet (2012).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2012 to December 31, 2012																
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	146	100.00	13.72	13.57	14.07	21.43	19.29	30.00	52.93	35.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	0	0.00	18.41	0.00	17.11	0.00	26.32	0.00	38.16	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.1% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2012 to December 31, 2012																
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****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	74	98.67	13.72	28.57	14.07	15.71	19.29	21.43	52.93	34.29	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Wilmington, DE- MD-NJ MD 48864	1	1.33	18.41	0.00	17.11	0.00	26.32	100.00	38.16	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.3% of loans originated and purchased by bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2012 to December 31, 2012																
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	391	99.74	13.72	7.28	14.07	18.77	19.29	24.09	52.93	49.86	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	1	0.26	18.41	0.00	17.11	0.00	26.32	100.00	38.16	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 8.7% of loans originated and purchased by bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2012 to December 31, 2012									
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	752	99.60	69.45	33.51	42.95	23.80	33.24	0.00	0.00
<b>Limited Review:</b>									
Wilmington, DE-MD-NJ MD 48864	3	0.40	81.19	0.00	66.67	33.33	0.00	0.00	0.00

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2012).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 5.70% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980							
Evaluation Period: April 6, 2010 to June 3, 2013									
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	6	3,826	134	6,578	140	10,404	99.92	1	1,500
<b>Limited Review:</b>									
Wilmington, DE-MD- NJ MD 48864	0	0	03	8	3	8	0.08	0	0

\* 'Prior Period Investments' means investments made in a previous 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 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: Statewide/Regional Investments									
Evaluation Period: April 6, 2010 to June 3, 2013									
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>									
Statewide/Regional Investments that benefit more than one assessment area	5	8,867	1	2,500	6	11,367	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous 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-NJ-DE-MD MSA 37980									
Evaluation Period: April 6, 2010 to June 3, 2013																	
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>																	
Philadelphia, PA MD 37964	98.77	44	97.78	2.27	9.09	38.64	50.00	2	2	+1	0	-2	+1	2.01	7.57	32.27	57.85
<b>Limited Review:</b>																	
Wilmington, DE-MD-NJ MD 48864	1.23	1	2.22	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00

Table 1. Lending Volume

LENDING VOLUME													Geography: State of Pennsylvania
Evaluation Period: January 1, 2010 to December 31, 2011													
Assessment Area (2011):	% 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>													
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	31.31	1,883	253,299	516	115,336	1	281	25	88,800	2,400	368,916	40.23	
Reading, PA MSA 39740	18.20	780	76,281	591	129,301	24	3,831	11	16,050	1,395	209,413	32.04	
<b>Limited Review:</b>													
Lancaster, PA MSA 29540	29.64	556	91,381	468	89,009	1,248	120,523	2	1,313	2,272	300,913	7.16	
Scranton-Wilkes-Barre, PA MSA 42540	7.29	411	34,241	148	19,322	0	0	0	0	559	53,563	8.11	
State College, PA MSA 44300	7.75	466	92,064	122	19,545	6	329	3	525	594	111,938	8.23	
York-Hanover, PA MSA 49620	0.47	2	397	0	0	34	4,440	0	0	36	4,837	0.00	
Monroe and Schuylkill County, Non-MSA****	5.33	361	29,180	48	8,786	0	0	7	1,138	409	37,966	4.22	

\* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from April 6, 2010 through June 3, 2013.

\*\*\* Deposit Data as of June 30, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

\*\*\*\* Total Non-MSA figures for Monroe and Schuylkill Counties

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE											Geography: State of Pennsylvania				
Evaluation Period: January 1, 2010 to December 31, 2011															
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>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	441	37.44	1.36	4.08	18.94	23.81	52.68	43.76	27.02	28.34	2.41	5.83	3.12	2.33	2.00
Reading, PA MSA 39740	179	15.20	3.01	6.70	10.08	17.32	70.43	66.48	16.49	9.50	1.90	8.97	4.30	1.84	0.75
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	197	16.72	1.17	1.52	6.39	12.69	81.91	83.76	10.53	2.03	1.77	1.25	1.72	2.01	0.27
Scranton-Wilkes-Barre, PA MSA 42540	110	9.34	0.00	0.00	8.75	8.18	73.69	63.64	17.56	28.18	2.66	0.00	4.26	2.45	2.80
State College, PA MSA 44300	180	15.28	0.16	2.22	18.90	10.00	48.00	37.78	32.94	50.00	4.90	0.00	3.17	3.00	7.98
York-Hanover, PA MSA 49620	2	0.17	4.78	0.00	14.21	0.00	72.03	100.00	8.99	0.00	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	23	1.95	0.00	0.00	0.00	0.00	33.63	30.43	66.37	69.57	0.36	0.00	0.00	0.14	0.53
Schuylkill County, Non-MSA	46	3.90	0.00	0.00	13.06	39.13	75.64	54.35	11.30	6.52	2.59	0.00	13.16	1.86	1.52

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied 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: State of Pennsylvania				
Evaluation Period: January 1, 2010 to December 31, 2011																
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>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	415	46.95	1.36	0.96	18.94	10.60	52.68	58.31	27.02	30.12	7.56	4.35	4.96	8.44	7.63	
Reading, PA MSA 39740	212	23.98	3.01	5.66	10.08	12.74	70.43	64.62	16.49	16.98	9.87	8.33	16.80	9.04	7.19	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	55	6.22	1.17	1.82	6.39	10.91	81.91	81.82	10.53	5.45	1.30	0.00	0.00	1.32	1.89	
Scranton-Wilkes-Barre, PA MSA 42540	94	10.63	0.00	0.00	8.75	4.26	73.69	56.38	17.56	39.36	3.58	0.00	2.47	2.32	9.03	
State College, PA MSA 44300	29	3.28	0.16	3.45	18.90	17.24	48.00	37.93	32.94	41.38	3.51	0.00	2.99	1.75	6.80	
York-Hanover, PA MSA 49620	0	0.00	4.78	0.00	14.21	0.00	72.03	0.00	8.99	0.00	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	27	3.05	0.00	0.00	0.00	0.00	33.63	29.63	66.37	70.37	2.94	0.00	0.00	2.50	3.16	
Schuylkill County, Non-MSA	52	5.88	0.00	0.00	13.06	25.00	75.64	65.38	11.30	9.62	5.08	0.00	17.86	3.59	3.03	

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the 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, 2010 to December 31, 2011															
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>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	1,022	43.18	1.36	0.49	18.94	8.61	52.68	52.54	27.02	38.36	2.24	2.90	1.23	2.51	2.21
Reading, PA MSA 39740	387	16.35	3.01	0.00	10.08	2.33	70.43	80.62	16.49	17.05	1.78	0.00	2.98	1.80	1.62
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	292	12.34	1.17	0.00	6.39	11.99	81.91	84.93	10.53	3.08	1.42	0.00	4.64	1.50	0.16
Scranton-Wilkes-Barre, PA MSA 42540	205	8.66	0.00	0.00	8.75	5.85	73.69	46.83	17.56	47.32	1.63	0.00	2.60	0.96	2.79
State College, PA MSA 44300	248	10.48	0.16	0.00	18.90	6.85	48.00	37.10	32.94	56.05	3.30	0.00	1.17	3.61	3.61
York-Hanover, PA MSA 49620	0	0.00	4.78	0.00	14.21	0.00	72.03	0.00	8.99	0.00	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	74	3.13	0.00	0.00	0.00	0.00	33.63	48.65	66.37	51.35	0.89	0.00	0.00	1.31	0.64
Schuylkill County, Non-MSA	139	5.87	0.00	0.00	13.06	10.79	75.64	82.01	11.30	7.19	3.87	0.00	16.67	4.12	1.40

\* Based on 2011 Peer Mortgage Data (USPR)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the 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, 2010 to December 31, 2011																
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 Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	516	27.26	4.21	6.40	17.68	22.29	47.48	43.60	30.62	27.71	2.54	6.82	3.36	2.54	1.87	
Reading, PA MSA 39740	591	31.22	7.83	6.09	6.99	6.09	64.60	67.01	20.58	20.81	5.48	5.23	7.69	5.46	5.96	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	468	24.72	3.28	1.07	7.19	13.68	77.05	81.41	12.48	3.85	2.87	0.86	5.12	3.16	0.89	
Scranton-Wilkes-Barre, PA MSA 42540	148	7.82	0.00	0.00	9.73	16.22	71.40	62.16	18.87	21.62	1.57	0.00	3.27	1.35	1.93	
State College, PA MSA 44300	122	6.44	9.90	11.48	13.08	5.74	41.21	33.61	35.61	49.18	3.52	6.11	2.51	2.60	4.89	
York-Hanover, PA MSA 49620	0	0.00	16.04	0.00	12.24	0.00	62.62	0.00	9.09	0.00	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	21	1.11	0.00	0.00	0.00	0.00	39.54	38.10	60.46	61.90	0.55	0.00	0.00	0.74	0.54	
Schuylkill County, Non-MSA	27	1.43	0.00	0.00	14.60	33.33	70.89	55.56	14.51	11.11	0.80	0.00	3.07	0.62	0.37	

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2011).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: State of Pennsylvania				
Evaluation Period: January 1, 2010 to December 31, 2011																
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	Over-all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	1	0.08	0.69	0.00	8.88	0.00	57.35	100.00	33.08	0.00	2.78	0.00	0.00	4.35	0.00	
Reading, PA MSA 39740	24	1.83	0.83	0.00	0.90	0.00	86.52	87.50	11.75	12.50	9.86	0.00	0.00	10.14	0.00	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	1,248	95.05	0.56	0.00	2.77	9.94	92.55	88.94	4.11	1.12	58.50	0.00	85.33	56.40	72.73	
Scranton-Wilkes-Barre, PA MSA 42540	0	0.00	0.00	0.00	4.57	0.00	67.84	0.00	27.59	0.00	0.00	0.00	0.00	0.00	0.00	
State College, PA MSA 44300	6	0.46	0.96	0.00	16.18	33.33	55.49	50.00	27.36	16.67	8.33	0.00	7.14	8.70	11.11	
York-Hanover, PA MSA 49620	34	2.59	2.27	0.00	3.90	0.00	85.71	100.00	8.12	0.00	27.38	0.00	0.00	28.75	0.00	
Monroe County, Non-MSA	0	0.00	0.00	0.00	0.00	0.00	26.15	0.00	73.85	0.00	0.00	0.00	0.00	0.00	0.00	
Schuylkill County, Non-MSA	0	0.00	0.00	0.00	1.69	0.00	76.34	0.00	21.97	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE												Geography: State of Pennsylvania				
Evaluation Period: January 1, 2010 to December 31, 2011																
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>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	441	37.44	19.46	20.00	20.13	28.37	23.70	19.77	36.71	31.86	2.62	4.29	2.48	1.68	2.82	
Reading, PA MSA 39740	179	15.20	17.73	23.53	19.00	32.94	24.38	17.65	38.90	25.88	2.00	3.80	2.31	1.24	1.61	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	197	16.72	15.76	20.33	19.70	43.96	26.55	17.03	37.99	18.68	1.83	3.49	2.37	1.03	1.23	
Scranton-Wilkes-Barre, PA MSA 42540	110	9.34	19.48	25.93	18.97	32.41	22.94	25.93	38.61	15.74	2.90	8.14	3.72	1.90	1.28	
State College, PA MSA 44300	180	15.28	18.06	6.86	19.42	15.43	23.44	24.00	39.09	53.71	5.19	5.13	3.36	5.20	6.11	
York-Hanover, PA MSA 49620	2	0.17	20.94	0.00	21.16	50.00	25.85	50.00	32.05	0.00	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	23	1.95	12.72	4.35	14.39	21.74	19.97	21.74	52.92	52.17	0.42	2.17	0.95	0.23	0.27	
Schuylkill County, Non-MSA	46	3.90	17.34	28.89	19.95	31.11	24.41	17.78	38.30	22.22	2.68	7.21	3.52	1.05	1.83	

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.7% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: State of Pennsylvania													
Evaluation Period: January 1, 2010 to December 31, 2011															
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****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	415	46.95	19.46	14.56	20.13	22.33	23.70	28.88	36.71	34.22	7.77	8.11	10.67	7.19	6.29
Reading, PA MSA 39740	212	23.98	17.73	21.29	19.00	22.77	24.38	24.75	38.90	31.19	9.60	13.01	9.50	9.60	7.66
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	55	6.22	15.76	15.09	19.70	32.08	26.55	35.85	37.99	16.98	1.24	2.13	2.55	1.63	0.00
Scranton-Wilkes-Barre, PA MSA 42540	94	10.63	19.48	13.98	18.97	21.51	22.94	25.81	38.61	38.71	3.64	3.57	2.55	5.96	2.48
State College, PA MSA 44300	29	3.28	18.06	7.41	19.42	14.81	23.44	18.52	39.09	59.26	3.27	2.04	2.60	1.28	5.30
York-Hanover, PA MSA 49620	0	0.00	20.94	0.00	21.16	0.00	25.85	0.00	32.05	0.00	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	27	3.05	12.72	11.11	14.39	7.41	19.97	18.52	52.92	62.96	3.02	0.00	3.03	5.17	2.36
Schuylkill County, Non-MSA	52	5.88	17.34	20.00	19.95	18.00	24.41	20.00	38.30	42.00	5.37	11.11	6.25	4.69	3.88

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.3% of loans originated and purchased by bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE											Geography: State of Pennsylvania				
Evaluation Period: January 1, 2010 to December 31, 2011															
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>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	1,022	43.16	19.46	8.44	20.13	19.65	23.70	26.13	36.71	45.78	2.52	3.20	2.62	2.24	2.52
Reading, PA MSA 39740	387	16.34	17.73	12.24	19.00	24.20	24.38	24.78	38.90	38.78	1.85	4.23	1.88	1.86	1.55
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	292	12.33	15.76	10.69	19.70	34.73	26.55	26.34	37.99	28.24	1.50	2.85	2.15	1.40	0.99
Scranton-Wilkes-Barre, PA MSA 42540	205	8.66	19.48	5.97	18.97	14.43	22.94	19.90	38.61	59.70	1.80	0.46	1.39	1.49	2.21
State College, PA MSA 44300	249	10.52	18.06	1.65	19.42	9.92	23.44	26.45	39.09	61.98	3.69	1.52	2.26	4.02	4.21
York-Hanover, PA MSA 49620	0	0.00	20.94	0.00	21.16	0.00	25.85	0.00	32.05	0.00	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	74	3.13	12.72	5.56	14.39	22.22	19.97	20.83	52.92	51.39	1.00	1.18	2.86	0.98	0.71
Schuylkill County, Non-MSA	139	5.87	17.34	7.41	19.95	17.04	24.41	22.96	38.30	52.59	4.29	8.16	4.08	3.19	4.55

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 6.0% of loans originated and purchased by bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: State of Pennsylvania				
Evaluation Period: January 1, 2010 to December 31, 2011									
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>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	516	27.26	65.93	42.25	47.09	24.42	28.49	2.54	2.14
Reading, PA MSA 39740	591	31.22	66.31	41.96	46.87	25.38	27.75	5.48	5.27
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	468	24.72	66.75	54.49	54.49	21.15	24.36	2.87	3.71
Scranton-Wilkes-Barre, PA MSA 42540	148	7.82	64.75	60.14	66.22	21.62	12.16	1.57	2.11
State College, PA MSA 44300	122	6.44	54.31	59.84	62.30	18.85	18.85	3.52	4.17
York-Hanover, PA MSA 49620	0	0.00	63.75	0.00	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	21	1.11	67.62	61.90	66.67	19.05	14.29	0.55	0.63
Schuylkill County, Non-MSA	27	1.43	66.53	44.44	51.85	29.63	18.52	0.80	0.99

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.06% 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, 2010 to December 31, 2011									
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>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	1	0.08	97.02	100.00	0.00	0.00	100.00	2.78	4.35
Reading, PA MSA 39740	24	1.83	97.21	100.00	45.83	29.17	25.00	9.86	12.73
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	1,248	95.05	97.36	95.03	73.24	13.70	13.06	58.50	62.36
Scranton-Wilkes-Barre, PA MSA 42540	0	0.00	97.01	0.00	0.00	0.00	0.00	0.00	0.00
State College, PA MSA 44300	6	0.46	97.69	100.00	83.33	16.67	0.00	8.33	9.43
York-Hanover, PA MSA 49620	34	2.59	97.40	100.00	61.76	17.65	20.59	27.38	37.10
Monroe County, Non-MSA	0	0.00	97.53	0.00	0.00	0.00	0.00	0.00	0.00
Schuylkill County, Non-MSA	0	0.00	97.18	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Small Business Data -- US and PR

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.61% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: State of Pennsylvania									
Evaluation Period: April 6, 2010 to June 3, 2013									
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>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	2	1,213	85	3,004	87	4,217	45.61	0	0
Reading, PA MSA 39740	6	1,060	52	1,137	58	2,197	23.76	0	0
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	0	0	28	2,388	28	2,388	25.83	0	0
Scranton-Wilkes-Barre, PA MSA 42540	0	0	0	0	28	66	0.71	0	0
State College, PA MSA 44300	0	0	0	0	12	36	0.39	0	0
York-Hanover, PA MSA 49620	0	0	0	0	0	0	0.00	0	0
Monroe and Schuylkill County, Non-MSA***	1	275	24	66	25	341	3.69	0	0

\* 'Prior Period Investments' means investments made in a previous 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.

\*\*\* Total Non-MSA figures for Monroe and Schuylkill Counties

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: Statewide/Regional Investments							
Evaluation Period: April 6, 2010 to June 3, 2013									
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>									
Statewide/Regional Investments that benefit more than one assessment area	5	8,867	1	2,500	6	11,367	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous 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: April 6, 2010 to June 3, 2013																	
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>																	
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	40.23	37	45.12	2.70	18.92	45.95	32.43	0	2	0	0	-1	-1	4.15	23.00	49.31	23.54
Reading, PA MSA 39740	32.04	19	23.17	5.26	15.79	57.89	21.05	0	1	0	0	-1	0	7.37	12.67	64.96	15.00
<b>Limited Review:</b>																	
Lancaster, PA MSA 29540	7.16	6	7.32	0.00	0.00	100.0	0.00	1	0	0	0	+1	0	4.71	8.29	75.44	11.58
Scranton-Wilkes-Barre, PA MSA 42540	8.11	7	8.54	0.00	14.29	42.86	42.86	0	1	0	0	0	-1	1.68	20.97	60.12	17.23
State College, PA MSA 44300	8.23	5	6.10	20.00	0.00	40.00	40.00	0	0	0	0	0	0	3.18	15.31	54.74	26.78
York-Hanover, PA MSA 49620	0.00	1	1.22	100.0	0.00	0.00	0.00	0	1	-1	0	0	0	10.90	18.75	61.80	8.55
Monroe County, Non-MSA	1.65	3	3.66	0.00	0.00	66.67	33.33	0	0	0	0	0	0	0.00	0.00	49.34	50.66
Schuylkill County, Non-MSA	2.57	4	4.88	0.00	25.00	75.00	0.00	0	0	0	0	0	0	0.00	13.79	75.13	11.08

Table 1. Lending Volume

LENDING VOLUME													Geography: State of Pennsylvania
Evaluation Period: January 1, 2012 to December 31, 2012													
Assessment Area (2012):	% 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>													
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	27.94	715	113,367	308	69,328	3	70	25	88,800	1,026	182,765	40.23	
Reading, PA MSA 39740	19.06	397	41,187	288	67,851	15	1,559	11	16,050	700	110,597	32.04	
<b>Limited Review:</b>													
Lancaster, PA MSA 29540	35.10	350	59,502	250	50,246	689	77,253	2	1,313	1,289	187,001	7.16	
Scranton-Wilkes-Barre, PA MSA 42540	7.08	196	19,586	64	9,889	0	0	0	0	260	29,475	8.11	
State College, PA MSA 44300	6.78	197	40,124	52	9,434	0	0	3	525	249	49,558	8.23	
Monroe and Schuylkill County, Non-MSA****	3.98	115	13,198	33	4,122	0	0	7	1,138	148	17,320	4.22	

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from April 6, 2010 to June 3, 2013.

\*\*\* Deposit Data as of June 30, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

\*\*\*\* Total Non-MSA figures for Monroe and Schuylkill Counties

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE											Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012															
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>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	210	28.89	4.06	10.95	17.36	19.05	48.43	36.19	30.15	33.81	0.00	0.00	0.00	0.00	0.00
Reading, PA MSA 39740	151	20.77	7.11	15.89	5.12	11.92	60.26	50.33	27.51	21.85	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	162	22.28	1.85	1.85	6.49	4.32	77.96	91.36	13.70	2.47	0.00	0.00	0.00	0.00	0.00
Scranton-Wilkes-Barre, PA MSA 42540	98	13.48	0.33	0.00	17.08	36.73	63.68	45.92	18.90	17.35	0.00	0.00	0.00	0.00	0.00
State College, PA MSA 44300	79	10.87	0.05	0.00	12.86	1.27	59.40	45.57	27.69	53.16	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	4	0.55	0.00	0.00	0.00	0.00	45.09	75.00	54.91	25.00	0.00	0.00	0.00	0.00	0.00
Schuylkill County Non-MSA	23	3.16	0.00	0.00	13.73	13.04	77.89	86.96	8.38	0.00	0.00	0.00	0.00	0.00	0.00

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012																
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>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	103	41.53	4.06	1.94	17.36	14.56	48.43	51.46	30.15	32.04	0.00	0.00	0.00	0.00	0.00	
Reading, PA MSA 39740	72	29.03	7.11	20.83	5.12	11.11	60.26	50.00	27.51	18.06	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	32	12.90	1.85	3.13	6.49	12.50	77.96	81.25	13.70	3.13	0.00	0.00	0.00	0.00	0.00	
Scranton-Wilkes-Barre, PA MSA 42540	23	9.27	0.33	0.00	17.08	21.74	63.68	65.22	18.90	13.04	0.00	0.00	0.00	0.00	0.00	
State College, PA MSA 44300	5	2.02	0.05	0.00	12.86	0.00	59.40	80.00	27.69	20.00	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	2	0.81	0.00	0.00	0.00	0.00	45.09	50.00	54.91	50.00	0.00	0.00	0.00	0.00	0.00	
Schuylkill County Non-MSA	11	4.44	0.00	0.00	13.73	0.00	77.89	90.91	8.38	9.09	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012															
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>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	394	40.70	4.06	1.52	17.36	7.61	48.43	46.70	30.15	44.16	0.00	0.00	0.00	0.00	0.00
Reading, PA MSA 39740	171	17.67	7.11	0.58	5.12	1.17	60.26	63.74	27.51	34.50	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	147	15.19	1.85	0.68	6.49	0.68	77.96	95.24	13.70	3.40	0.00	0.00	0.00	0.00	0.00
Scranton-Wilkes-Barre, PA MSA 42540	74	7.64	0.33	0.00	17.08	12.16	63.68	64.86	18.90	22.97	0.00	0.00	0.00	0.00	0.00
State College, PA MSA 44300	109	11.26	0.05	0.00	12.86	9.17	59.40	36.70	27.69	54.13	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	29	3.00	0.00	0.00	0.00	0.00	45.09	27.59	54.91	72.41	0.00	0.00	0.00	0.00	0.00
Schuylkill County Non-MSA	44	4.55	0.00	0.00	13.73	4.55	77.89	86.36	8.38	9.09	0.00	0.00	0.00	0.00	0.00

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 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, 2012 to December 31, 2012																
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 Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	% of Busin-esses***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	308	30.95	7.36	11.69	20.23	19.81	42.52	41.88	29.89	26.62	0.00	0.00	0.00	0.00	0.00	
Reading, PA MSA 39740	288	28.94	10.93	7.99	7.31	8.33	54.54	51.74	27.22	31.94	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	250	25.13	5.34	2.00	5.84	0.00	75.63	91.60	13.19	6.40	0.00	0.00	0.00	0.00	0.00	
Scranton-Wilkes-Barre, PA MSA 42540	64	6.43	3.98	0.00	18.80	20.31	59.34	62.50	17.66	17.19	0.00	0.00	0.00	0.00	0.00	
State College, PA MSA 44300	52	5.23	6.45	11.54	11.38	7.69	50.11	59.62	29.21	21.15	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	14	1.41	0.00	0.00	0.00	0.00	54.95	78.57	45.05	21.43	0.00	0.00	0.00	0.00	0.00	
Schuylkill County Non-MSA	19	1.91	0.00	0.00	16.35	15.79	74.75	84.21	8.91	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Source Data - Dun and Bradstreet (2012).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012																
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	Over-all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	3	0.42	1.29	0.00	9.50	66.67	57.87	33.33	31.34	0.00	0.00	0.00	0.00	0.00	0.00	
Reading, PA MSA 39740	15	2.12	1.11	0.00	5.49	0.00	68.64	73.33	24.76	26.67	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	689	97.45	0.73	0.15	0.91	0.15	89.95	96.23	8.41	3.48	0.00	0.00	0.00	0.00	0.00	
Scranton-Wilkes-Barre, PA MSA 42540	0	0.00	0.69	0.00	10.65	0.00	67.35	0.00	21.31	0.00	0.00	0.00	0.00	0.00	0.00	
State College, PA MSA 44300	0	0.00	0.00	0.00	13.18	0.00	62.90	0.00	22.79	0.00	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	0	0.00	0.00	0.00	0.00	0.00	45.49	0.00	54.51	0.00	0.00	0.00	0.00	0.00	0.00	
Schuylkill County Non-MSA	0	0.00	0.00	0.00	3.01	0.00	80.00	0.00	16.99	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Source Data - Dun and Bradstreet (2012).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE												Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012																
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>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	210	28.89	20.72	21.21	19.05	27.27	22.05	21.72	38.18	29.80	0.00	0.00	0.00	0.00	0.00	
Reading, PA MSA 39740	151	20.77	20.50	28.77	17.37	35.62	23.18	17.12	38.95	18.49	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	162	22.28	17.38	27.40	19.06	41.10	24.77	12.33	38.79	19.18	0.00	0.00	0.00	0.00	0.00	
Scranton-Wilkes-Barre, PA MSA 42540	98	13.48	20.83	27.84	18.43	29.90	21.91	22.68	38.83	19.59	0.00	0.00	0.00	0.00	0.00	
State College, PA MSA 44300	79	10.87	18.29	4.00	19.03	29.33	22.77	21.33	39.91	45.33	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	4	0.55	14.75	0.00	13.57	0.00	19.89	25.00	51.79	75.00	0.00	0.00	0.00	0.00	0.00	
Schuylkill County Non-MSA	23	3.16	18.11	8.70	19.26	30.43	23.56	26.09	39.07	34.78	0.00	0.00	0.00	0.00	0.00	

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Families is based on the 2010 Census information.  
 \*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.2% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT												Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012																
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****	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	103	41.53	20.72	9.00	19.05	27.00	22.05	32.00	38.18	32.00	0.00	0.00	0.00	0.00	0.00	
Reading, PA MSA 39740	72	29.03	20.50	28.17	17.37	22.54	23.18	28.17	38.95	21.13	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Lancaster, PA MSA 29540	32	12.90	17.38	9.68	19.06	38.71	24.77	16.13	38.79	35.48	0.00	0.00	0.00	0.00	0.00	
Scranton-Wilkes-Barre, PA MSA 42540	23	9.27	20.83	9.52	18.43	19.05	21.91	23.81	38.83	47.62	0.00	0.00	0.00	0.00	0.00	
State College, PA MSA 44300	5	2.02	18.29	0.00	19.03	0.00	22.77	25.00	39.91	75.00	0.00	0.00	0.00	0.00	0.00	
Monroe County, Non-MSA	2	0.81	14.75	0.00	13.57	0.00	19.89	0.00	51.79	100.00	0.00	0.00	0.00	0.00	0.00	
Schuylkill County Non-MSA	11	4.44	18.11	9.09	19.26	27.27	23.56	27.27	39.07	36.36	0.00	0.00	0.00	0.00	0.00	

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

\*\*\* Percentage of Families is based on the 2010 Census information.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE											Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012															
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>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	394	40.70	20.72	6.42	19.05	19.79	22.05	21.93	38.18	51.87	0.00	0.00	0.00	0.00	0.00
Reading, PA MSA 39740	171	17.67	20.50	9.94	17.37	19.88	23.18	26.71	38.95	43.48	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	147	15.19	17.38	11.68	19.06	33.58	24.77	27.01	38.79	27.74	0.00	0.00	0.00	0.00	0.00
Scranton-Wilkes-Barre, PA MSA 42540	74	7.64	20.83	5.56	18.43	19.44	21.91	16.67	38.83	58.33	0.00	0.00	0.00	0.00	0.00
State College, PA MSA 44300	109	11.26	18.29	3.77	19.03	9.43	22.77	24.53	39.91	62.26	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	29	3.00	14.75	3.57	13.57	17.86	19.89	25.00	51.79	53.57	0.00	0.00	0.00	0.00	0.00
Schuylkill County Non-MSA	44	4.55	18.11	7.50	19.26	7.50	23.56	22.50	39.07	62.50	0.00	0.00	0.00	0.00	0.00

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.  
 \*\*\* Percentage of Families is based on the 2010 Census information.  
 \*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.2% of loans originated and purchased by bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: State of Pennsylvania				
Evaluation Period: January 1, 2012 to December 31, 2012									
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>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	308	30.95	70.27	44.16	47.08	24.35	28.57	0.00	0.00
Reading, PA MSA 39740	288	28.94	70.48	35.42	40.28	28.13	31.60	0.00	0.00
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	250	25.13	70.21	54.80	51.20	22.40	26.40	0.00	0.00
Scranton-Wilkes-Barre, PA MSA 42540	64	6.43	68.50	56.25	60.94	23.44	15.63	0.00	0.00
State College, PA MSA 44300	52	5.23	60.32	59.62	61.54	15.38	23.08	0.00	0.00
Monroe County, Non-MSA	14	1.41	72.29	57.14	78.57	7.14	14.29	0.00	0.00
Schuylkill County Non-MSA	19	1.91	70.16	63.16	73.68	21.05	5.26	0.00	0.00

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2012).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.42% 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, 2012 to December 31, 2012									
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>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	3	0.42	97.35	33.33	100.00	0.00	0.00	0.00	0.00
Reading, PA MSA 39740	15	2.12	97.85	73.33	66.67	26.67	6.67	0.00	0.00
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	689	97.45	97.33	95.79	70.10	13.21	16.69	0.00	0.00
Scranton-Wilkes-Barre, PA MSA 42540	0	0.00	97.25	0.00	0.00	0.00	0.00	0.00	0.00
State College, PA MSA 44300	0	0.00	97.93	0.00	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	0	0.00	97.57	0.00	0.00	0.00	0.00	0.00	0.00
Schuylkill County Non-MSA	0	0.00	98.08	0.00	0.00	0.00	0.00	0.00	0.00

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2012).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.99% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: State of Pennsylvania									
Evaluation Period: April 6, 2010 to June 3, 2013									
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>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	2	1,213	85	3,004	87	4,217	45.61	0	0
Reading, PA MSA 39740	6	1,060	52	1,137	58	2,197	23.76	0	0
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	0	0	28	2,388	28	02,388	25.83	0	0
Scranton-Wilkes-Barre, PA MSA 42540	0	0	28	66	28	66	0.71	0	0
State College, PA MSA 44300	0	0	12	36	12	36	0.39	0	0
Monroe and Schuylkill County, Non-MSA ***	1	275	24	66	25	341	3.69	0	0

\* 'Prior Period Investments' means investments made in a previous 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.

\*\*\* Total Non-MSA figures for Monroe and Schuylkill Counties

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: Statewide/Regional Investments							
Evaluation Period: April 6, 2010 to June 3, 2013									
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>									
Statewide/Regional Investments that benefit more than one assessment area	5	8,867	1	2,500	6	11,367	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous 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: April 6, 2010 to June 3, 2013																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branch-es	% 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>																	
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	40.23	37	45.68	2.70	18.92	45.95	32.43	0	2	0	0	-1	0-1	8.97	21.54	42.81	26.69
Reading, PA MSA 39740	32.04	19	23.46	5.26	15.79	57.89	21.05	0	1	0	0	-1	0	14.95	6.51	53.63	24.92
<b>Limited Review:</b>																	
Lancaster, PA MSA 29540	7.16	6	7.41	0.00	0.00	100.0	0.00	1	0	0	0	+1	0	4.71	8.28	75.44	11.58
Scranton-Wilkes-Barre, PA MSA 42540	8.11	7	8.64	0.00	14.29	42.86	42.86	0	1	0	0	0	-1	1.68	20.97	60.12	17.23
State College, PA MSA 44300	8.23	5	6.17	20.00	0.00	40.00	40.00	0	0	0	0	0	0	2.87	13.81	49.37	24.15
Monroe County, Non-MSA	1.65	3	3.70	0.00	0.00	66.67	33.33	0	0	0	0	0	0	0.00	0.00	49.34	50.66
Schuylkill County Non-MSA	2.57	4	4.94	0.00	25.00	75.00	0.00	0	0	0	0	0	0	0.00	14.83	77.27	7.90

