



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

April 23, 2001

### Community Reinvestment Act Performance Evaluation

**Mellon Bank, N.A.**  
Charter Number: 6301  
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Pittsburgh, Pennsylvania 15258

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**NOTE:** 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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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Mellon Bank, N.A. (Mellon)** prepared by the **Office of the Comptroller of the Currency (OCC)**, Mellon's supervisory agency, as of **April 23, 2001**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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

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

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area 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 applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Limited-Scope 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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States 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 Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 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** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Mellon Bank, N.A.'s CRA Rating:** This institution is rated "**Outstanding.**"

The following table indicates the performance level of **Mellon** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Mellon Bank, N.A. 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:

- Mellon's geographic distribution of loans is excellent. Home purchase loans, home improvement loans and small loans to businesses all reflect strong performance results in lending to borrowers in low- and moderate-income areas.
- Mellon's distribution of loans by borrower income is excellent in the Philadelphia Multi-state Area Rating and good for Pennsylvania State Rating. Home mortgage lending to low- and moderate-income borrowers is considered particularly responsive to the credit needs of the community.
- Community development lending activity is excellent and had a positive impact on the bank's lending performance. Mellon is a leader in providing funds for the expansion of affordable housing in its two largest markets of Pittsburgh and Philadelphia.
- Mellon provides loan products that are considered innovative or flexible. These had a positive impact on the bank's lending performance. The bank's Neighborhood

Mortgage Loan Program has been highly effective in targeting the bank's home mortgage lending effort toward identified community credit needs. Mellon continued to make this product available despite its exit in 1999 from the general business of financing home purchase and refinance loans.

- Mellon's level of qualified investment is excellent. A significant portion of the investments made by Mellon support affordable housing. Mortgage-backed securities aid the ongoing financing of single family homes while low-income housing tax credits (LIHTC) support multi-family housing. Mellon's Small Business Investment Company (SBIC) provides an investment mechanism to support economic development through business expansions.
- The bank's branch delivery systems are accessible to geographies and individuals of different income levels in the assessment areas.
- Mellon employees provide a good level of community development services throughout the various assessment areas. Numerous loan review committees, homeowner workshops, non-profit director boards all benefit from the financial expertise and advice provided by Mellon employees.

## Description of Institution

Mellon Bank, N. A. headquartered in Pittsburgh, Pennsylvania is an interstate bank owned by Mellon Financial Corporation (MFC), a \$50 billion global financial services company also headquartered in Pittsburgh. As of December 31, 2000, Mellon had \$41.9 billion in assets and \$23.4 billion in deposits. Tier 1 Capital stood at \$2.9 billion.

Mellon operates 357 banking offices in three states. Based upon deposit market share, Mellon is the second largest bank in its home state of Pennsylvania, 68<sup>th</sup> largest in New Jersey and an estimated 131<sup>st</sup> largest in Maryland.

Activities by Mellon affiliates were included at the Bank's request for consideration under the Bank's CRA performance evaluation. To be eligible, the affiliate activity cannot be claimed for CRA consideration by another MFC affiliate. Affiliate activity included Mellon Bank Community Development Corporation (MBCDC), AFCO Credit Corporation, Mellon Ventures, LP, Mellon Mortgage Company, Mellon Bank (DE) National Associate and Boston Safe Deposit and Trust. Mellon Leasing also provided an investment opportunity in 1999.

In September 1999, MFC sold its in-house mortgage affiliate, Mellon Mortgage Company. This sale eliminated the Bank's structural and functional capability to originate, process and underwrite home purchase and first mortgage home refinance applications. Nevertheless, Mellon made arrangements to continue to offer its proprietary affordable home mortgage product. Consumers interested in other types of home purchase or refinance mortgage products are now handled by a non-affiliated party which makes the credit decision and reports them under their own name for HMDA purposes.

In the first quarter 2000, the Mellon Bank (MD) National Association charter was merged into Mellon and Mellon Bank (MD) National Association's two assessment areas (AAs) were added to Mellon's AAs. Mellon operates two business loan centers and a private banking center in Maryland. In September 1999, prior to the merger, the Mellon Bank (MD) National Association charter sold seven retail banking offices and approximately \$225 million of deposits to another financial institution. As a result of the sale, AAs in Prince Georges County, Maryland and Fairfax County, Virginia were eliminated from the Washington AA. Since Fairfax County was both added and subtracted from the AA during the evaluation period, it was not included in this review. However, the Prince Georges County AA was included as it was delineated as part of the AA for the majority of the evaluation period.

Mellon also sold several Pennsylvania branch locations during the evaluation period resulting in its withdrawal in 1998 from the nonmetropolitan counties of Clarion and Lawrence. Because of their removal from the Bank's AAs early in the evaluation period, these counties are also excluded from this evaluation. Branch sales and the withdrawal of its AAs in Lycoming (Williamsport MSA) and Huntingdon counties occurred during 1999. However, these counties are included in the evaluation since they were



delineated for a majority of the examination period.

Mellon is the primary bank within MFC, serving customers in AAs in Pennsylvania, New Jersey and Maryland. Its primary strategy is to provide retail lending, deposit and investment products along with specialized commercial banking for small and middle-market businesses. Mellon's loan distribution (to U. S. addressees and excluding leases) is depicted in the following table.

Loan Distribution as of 12/31/00		
Loan Type	Dollar Amount (000s)	Percent of Total Loans
1-4 Family Residential	\$ 4,042,900	21.7%
Construction & Land Development	895,611	4.8%
Farm Land	2,828	0.0%
Multi-Family (5 or more)	36,988	0.2%
Commercial	1,068,759	5.7%
<b>Total Real Estate Loans</b>	<b>\$ 6,047,086</b>	<b>32.4%</b>
Commercial and Industrial	\$ 8,461,511	45.3%
Consumer	\$ 2,750,750	14.7%
Other Loans	\$ 1,136,744	6.1%
Farm Loans	\$ 2,452	0.0%
Depository Institutions	\$ 104,327	0.6%
State & Political Subdivisions	\$ 164,869	0.9%
<b>Total Loans</b>	<b>\$18,667,739</b>	<b>100.0%</b>

There are no legal or financial impediments that would prevent the Bank from helping to meet AA needs. Competition, however is intense from numerous commercial banks, mortgage companies, savings and loan associations, credit unions and other financial institutions in Mellon's AAs. During 1999, the number of lenders originating mortgage loans in the Bank's AAs pursuant to the HMDA was 1,312. HMDA data includes all home purchase and home improvement loans including refinancing of both. Similarly, CRA small business lending records for 1999 show 391 reporting lenders.

Mellon received a CRA rating of "**Outstanding**" at the last OCC evaluation dated November 26, 1997.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This evaluation assesses the bank's CRA performance from January 1, 1998, through December 31, 2000. We used this evaluation period for all products and for all three tests included in our analysis. Products reviewed for the lending test include Mellon's HMDA reportable home purchase, home improvement and refinance loans. Ten multi-family loans for \$4.7 million were excluded from analysis due to their small number and the Bank's focus on other HMDA lending opportunities. Mellon's CRA-reportable small business and community development loans were also reviewed. Mellon does not target loans to farmers as part of its business strategy. Eleven reportable farm loans for \$1.3 million were made but not included in our analysis and the Tables in Appendix D.

Under the investment test we considered the level of qualifying investments as well as their level of innovation, complexity, and responsiveness to community needs. The Service Test considered the Bank's accessibility to its communities and individuals and the level of community development services offered.

### **Data Integrity**

A data integrity examination was conducted to assess the accuracy of the Bank's CRA data. The scope included HMDA reportable loans, small business loans, community development loans, investments, and services. The overall finding is that data integrity, after certain adjustments, is reliable and that risk management processes are adequate. Where necessary, corrected information was utilized for this evaluation.

Interpretative difference of the regulation resulted in some community development (CD) loans reported that should not have been recorded. These loans were identified and have been withheld from this analysis.

Incorrect revenue codes on some small business loans were due to revenue information not being transcribed onto data collection forms. Bank management corrected this for the 1999 and 2000 small business loan filings.

Minor exceptions to the Community Development investment and service information were not material to the examination findings.

**Selection of Areas for Full-Scope Review**

In each state where Mellon has an office, specific AA(s) within that state were selected for full-scope reviews. We determined which AAs should have full-scope reviews based on a combination of factors including the volume of deposits generated within the AA. Mellon has one multi-state metropolitan area, Philadelphia (PA-NJ) MSA. It was selected for a full scope review along with AAs in Pennsylvania, New Jersey and Maryland. Additional information regarding the selection of full-scope reviews is presented under the Scope section of each State Rating.

**Ratings**

Mellon's overall rating is a blend of the Multistate Metropolitan Area rating and the three state ratings. The ratings are based primarily on those areas that received full-scope reviews. In reaching the overall rating, the most weight was given to the Philadelphia Multi-state AA (PA-NJ) rating and the Pennsylvania state rating. These two areas together contain 99 percent of Mellon's deposits, 94 percent of its loans, and 93 percent of its branch locations. The Pennsylvania state rating is itself weighted most heavily on the Pittsburgh AA performance as it is the largest and most significant component of the Pennsylvania state rating. Refer to the Scope section under each State Rating for details regarding how the specific areas or products were weighted in arriving at the overall state rating.

**Fair Lending Review**

As part of our fair lending analysis, we performed a comparative file review of home improvement applications received by Mellon. The review's scope was risk-based and focused on denial rate disparity. Forty-nine Hispanic home improvement denied applicants were compared to 102 marginally approved white applicants.

No substantive violations of the provisions of the anti-discrimination laws and regulations were identified. Mellon utilizes an ongoing fair lending monitoring system. Reasonable risk management processes, controls, and policies are in place.

## Multi-state Metropolitan Area Rating

CRA Rating for the Philadelphia (PA-NJ) MSA 6160<sup>1</sup>: Outstanding

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- An excellent geographic distribution of loans. Mellon's home purchase, home improvement and small loans to businesses all reflect strong performance results in lending to borrowers in low- and moderate-income areas.
- Performance is excellent in lending to borrowers of different income levels, particularly home purchase and home improvement lending to low- and moderate-income borrowers. Mellon's home mortgage lending performance demonstrates a high level of responsiveness on its part to the community's credit need for affordable homeownership.
- Excellent Community Development lending that had a positive impact on the Bank's overall lending performance. Mellon is a leader in partnering with community groups to provide community development lending for affordable housing and small business financing.
- Loan products that are considered innovative or flexible. These had a positive impact on the bank's overall lending performance. The bank's Neighborhood Mortgage Loan Program has been highly effective in targeting the bank's home mortgage lending effort toward identified community credit needs.
- A good level of home mortgage loan and small loans to business activity.
- Mellon has an excellent level of investments. Mortgage backed securities and Low Income Housing Tax Credit Investments help to meet home financing and affordable housing needs while economic development via financing of small businesses is provided through Mellon Ventures, a Small Business Investment Corporation (SBIC). A strong grant program targeted at community development needs augments the bank's investment efforts.
- Mellon's branches and delivery systems are accessible to geographies and

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

individuals of different income levels. Mellon employees provide a good level of community development services throughout the assessment area.

## **Description of Mellon's Operations in Philadelphia (PA-NJ) MSA**

The Philadelphia (PA-NJ) Multi-state MSA consists of one AA comprising eight of the nine counties within the two-state MSA. This AA contains 1,254 census tract geographies with a population of 4.9 million as of the 1990 census. The AA includes the City of Philadelphia and four counties – Bucks, Chester, Delaware and Montgomery – adjacent to it in Pennsylvania and three counties – Burlington, Camden and Gloucester – in New Jersey. Salem County, New Jersey, is omitted, as Mellon does not maintain a branch in that County. Mellon also has other assessment areas in the Pennsylvania and New Jersey that are discussed elsewhere in this Performance Evaluation.

Within the AA, Mellon uses the name Mellon PSFS and has 135 offices and 249 ATMs. The business focus is similar to the rest of the Bank. The Philadelphia AA is Mellon's second largest source of deposits. Over 130 FDIC-insured institutions compete within this AA.

Refer to the Market Profile for the Philadelphia (PA-NJ) MSA in Appendix C for detailed demographics and other performance context information including data from community contacts.

## **LENDING TEST**

The Bank's performance in the Philadelphia Multi-state MSA for the lending test is rated outstanding.

### **Lending Activity**

Refer to Table 1 in the Multi-state MSA section of Appendix D for the facts and data used to evaluate Mellon's lending activity in its Philadelphia AA. Lending activity represents a good level of responsiveness to community credit needs.

From January 1, 1998, to December 31, 2000, Mellon originated and purchased over 14,000 loans totaling nearly \$1.2 billion in the Philadelphia AA. Of this total, 66 percent of the loans were HMDA reportable home loans and 33 percent were small loans to businesses. The breakdown of home mortgage loans is: home purchase 15 percent, home improvement 34 percent, and home refinance 50 percent. In addition, the volume of community development loans had a positive impact on lending activity performance.

Mellon is ranked third within the AA for deposit market share (11.2%) according to the June 30, 2000, FDIC Deposit Market Share Report. Mellon, in 1999, ranked seventh in home improvement lending market share (4.15%), 53<sup>rd</sup> for home purchase market share (.51%), and 10<sup>th</sup> for refinance loan market share (1.76%). Although loan market share for each type of loan is less than the Bank's deposit market share rank, volume is considered good for home improvement lending and adequate for home purchase and

refinance lending. The home mortgage market is very fragmented and competitive with over 1,200 HMDA reporting lenders, mostly non-depository institutions granting loans in the AA.

As previously mentioned, Mellon sold its mortgage company midway through the evaluation period. This resulted in the Bank's exit from the home purchase and first mortgage refinance business. However, Mellon continued to make its affordable home purchase mortgage product available as it targeted a specific, identified community credit need.

Mellon, in 1999, ranked 8<sup>th</sup> in small loans to businesses market share with 3.2 percent of the market. While this is below the Bank's market share of deposits, performance is considered good. Several large national lenders dominate the top market share positions through their focus on credit card lending. Three such lenders granted 50 percent of the number of loans made but less than 6 percent of the dollar amount. The Philadelphia market provides Mellon with 36 percent of its deposits and 34 percent of its small loans to businesses.

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

The overall geographic distribution of the Bank's lending is excellent.

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

The overall geographic distribution of home mortgage loans is excellent. Mellon has successfully targeted making home purchase and home improvement loans within low- and moderate-income areas. Refer to Tables 2, 3, and 4 in the Multi-state MSA section of Appendix D for the facts and data used to evaluate the geographic distribution of Mellon's home mortgage loan originations and purchases.

Mellon's home purchase loan geographic distribution is excellent. The percentage of these loans made in both low-income and moderate-income geographies greatly exceeds the percentage of owner-occupied housing units within those geographies. In addition, the bank's market share for loans made in both low-income and moderate-income geographies is significantly greater (4.7 times and 2.4 times respectively) than its overall market share. Mellon achieved success in penetrating these geographies despite its relatively low overall market share rank in the AA.

Mellon's home improvement loan geographic distribution is excellent. The percentage of these loans made in both low-income and moderate-income geographies greatly exceeds the percentage of owner-occupied housing units within those geographies. In addition, the bank's market share for loans made in both low-income and moderate-income geographies is much greater (2.3 times and 1.9 times respectively) than its overall market share.

Mellon's home refinance loan geographic distribution is adequate. The percentage of loans made in low-income geographies is lower than the percentage of owner-occupied housing units there. Similarly, market share is also lower. The percentage of loans made in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units in these geographies. Market share is also somewhat lower. This performance does not materially detract from Mellon's overall mortgage lending performance.

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

The geographic distribution of small loans to businesses is excellent. Refer to Table 5 in the Multi-state MSA section of Appendix D for the facts and data used to evaluate the geographic distribution of Mellon's origination of small loans to businesses.

The percentage of these loans made in low-income geographies greatly exceeds the percentage of small businesses located within those geographies. Likewise, the bank's market share in low-income geographies is 2.7 times as great as its overall market share. The percentage of these loans made in moderate-income geographies slightly exceeds the percentage of small businesses located within those geographies. Market share within moderate-income geographies also exceeds overall market share.

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

Home mortgage and small business lending patterns were reviewed using mapping and other techniques for gaps in geographic lending. No significant or unexplained gaps were revealed. The census tracts without home mortgage loans hold less than 1 percent of owner-occupied housing. Small business loans were made in over 77 percent of the AAs census geographies. The majority of unpenetrated low-income tracts and moderate-income tracts and had relatively few businesses located within those tracts.

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

Mellon originates a substantial majority of home mortgage and small business loans within its AAs. This reflects a high degree of focus on lending within the Bank's AAs. We calculated the inside/outside ratio on a statewide and bank-wide basis using Mellon's home mortgage and small business loans. Lending activities by any of Mellon affiliates are excluded from this calculation.

In Pennsylvania, over 94 percent of Mellon's home mortgage loans and 97 percent of small loans to businesses were located within its Pennsylvania AAs. In New Jersey, approximately 72 percent of Mellon's home mortgage and 94 percent of small loans to businesses were located within its New Jersey AAs.

On a bank-wide basis the inside/outside ratio is over 75 percent for home mortgages. Impacting this ratio is that Mellon has originated jumbo mortgage products on behalf of its affiliate, Boston Safe Deposit and Trust. Most of these jumbo mortgages were outside of Mellon's three operating states of Pennsylvania, Maryland and New Jersey. The bank-wide inside ratio broken down by loan type show that 81 percent of home



improvement, 73 percent of home purchase and 73 percent of home refinance loans were within Mellon's AAs. The bank-wide inside AA ratio of small loans to businesses remained high at almost 95 percent.

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

The overall borrower distribution of the Banks lending is excellent.

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

Refer to Tables 7, 8, and 9 in the Multi-state Metropolitan Area section of Appendix D for the facts and data used to evaluate the borrower distribution of Mellon's home mortgage loan originations and purchases. The overall borrower distribution of home mortgage loans is excellent.

Mellon's home purchase loan distribution by borrower income level is excellent. The percentage of these loans made to both low-income (35%) and moderate-income (45%) borrowers greatly exceed the percentage of low-income (20%) and moderate-income (18%) families within the AA. In addition, the Bank's market share of both low-income and moderate-income borrowers is significantly greater (4.4 times and 2.4 times respectively) than its overall market share. The proportion of home purchase loans among low- and moderate-income families is reflective of Mellon's strategy to offer a product targeted toward this market segment.

Mellon's home improvement loan distribution by income level of the borrower is excellent. The percentage of these loans made to both low-income (21%) and moderate-income (20%) borrowers is higher than the percentage of low-income (20%) and moderate-income (18%) families within the AA. In addition, the Bank's market share of both low-income and moderate-income borrowers is greater (1.7 times and 1.1 times respectively) than its overall market share.

Mellon's home refinance loan distribution by income level of the borrower is good. The percentage of these loans made to low-income borrowers (9%) is significantly lower than the percentage of low-income families. However, the bank's low-income market share slightly exceeds its overall market share. The percentage of home refinance loans made to moderate-income (17%) is nearly equal to the percentage of moderate-income families within the AA while the bank's moderate-income market share slightly exceeds its overall market share.

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

The income distribution of small loans to business is adequate. Refer to Table 10 in the Multi-state Metropolitan Area section of Appendix D for the facts and data used to evaluate the borrower distribution of Mellon's origination/purchase of small loans to businesses.

The percentage of Mellon's loans to small businesses (businesses with annual revenue

equal to or less than \$1 million) is significantly less than the portion of businesses in the AA defined as such. Similarly, Mellon's market share of loans to small businesses is less than its overall market share of small loans to businesses. However, these percentages may not fully reflect the income distribution of the loan portfolio, as revenue information was not obtained on 34 percent of the reported loans. For this reason, the income distribution of small loans to businesses was weighted less heavily in our analysis than home mortgage income distribution.

Of the loans made where revenue information was known, 58 percent were to businesses with revenue less than or equal to \$1 million. While still less than the market demographics, these statistics support that the Bank is lending to borrowers of different revenue size. Many of the loans that did not have revenue information are loans made by Mellon's AFCO subsidiary. These loans are used to finance insurance premiums and Mellon does not require borrower revenue information. While the size of a loan does not necessarily equate to the size of the business, 78 percent of the loans without revenue information were for less than \$100,000, with the average loan size of \$22,000.

### **Community Development Lending**

Refer to Table 1 in the Multi-state Metropolitan Area section of Appendix D for the facts and data used to evaluate Mellon's level of community development lending. The bank's volume of community development lending had a positive impact on the Lending Test for the Philadelphia multi-state MSA.

Mellon originated an excellent volume of community development loans. The dollar volume represents 2.8 percent of the Bank's allocated Tier 1 Capital. Mellon is a leader in community development lending. Through its MBCDC, specialized staff and expertise is available that assist organizations sponsoring affordable housing and small business development projects and activities. MBCDC is able to structure loan terms and conditions that can accommodate special situations and needs, providing a level of flexibility and risk acceptance that is not always available with conventional financing. Through this type of lending, Mellon can effectively respond to identified community needs.

Mellon has developed lending relationships with numerous non-profit housing organizations and over the course of the evaluation period provided multiple loans in support of their efforts. Examples of some of the organizations, and the manner in which Mellon has provided community development lending to, are detailed herein. Mellon has worked extensively in the Germantown area, partnering with the Greater Germantown Housing Development Corporation to provide funds for housing rehabilitation, mixed use property renovation, demolition projects, and letters of credit. Other loans for affordable housing purposes went to organizations such as Nueva Esperanza Housing and Economic Development, Korean Community Development Services, Better Homes Inc. of Bucks County, Housing Authority of Chester County, and Philadelphia Neighborhood Housing Services. Mellon also extended credit to

Collaborative Lending Initiative, Inc. It operates a loan fund that provides financing to area non-profit organizations for affordable housing projects. One large community development loan occurred in 1999 when the bank teamed with a private developer and a local housing organization; a \$2 million development loan and a \$10 million construction loan from Mellon was used to finance construction of an affordable housing townhouse and condominium complex in Bucks County. Downpayment assistance funds from the non-profit organization were then combined with Mellon's Neighborhood Home Mortgage Loan Program (NMLP) to enhance affordability to low- and moderate-income first time homebuyers.

Community development loans also went to non-profit organizations that provide social services and support programs directed toward low- and moderate- income individuals and neighborhoods. Programs operated by these organizations that benefited from Mellon's lending include women's shelter, computer learning center, drop-out prevention program, jobs training and senior services provider.

Community development loans went to several organizations that operate micro and small business loan funds. This includes a \$250,000 loan to Cooperative Business Assistance Corp, a Community Development Financial Institution (CDFI) in Camden NJ, \$200,000 to Partners for Small Business Development, and \$50,000 to Chester and Delaware County Micro-Loan Fund. Mellon and its affiliated Community Development Corporation also originated other loans with community development characteristics that were included in the home mortgage and small loans to business lending totals that had a positive impact on the community.

### **Product Innovation and Flexibility**

Mellon offers several lending programs in the AA that are considered flexible or innovative in nature. These had a positive impact on the Lending Test conclusion.

Mellon's NMLP is a proprietary home purchase product with flexible underwriting guidelines and a competitive interest rate. It is made available to low- and moderate-income, first-time home buyers. Over 1,100 NMLP loans for over \$70 million were made in the AA during the evaluation period. Mellon continued to offer this product even after the sale of its mortgage company in 1999.

Since the prior CRA evaluation, Mellon developed and implemented the Neighborhood Home Improvement Loan (NHIL) programs. It includes a proprietary Mellon product with flexible underwriting guidelines that is offered throughout the AA and a FHA product available in the City of Philadelphia. Both products offer borrowers a low minimum dollar amount and monthly payment as well as a below-market interest rate. There is also a secured and unsecured version available to meet borrowers' different needs. These features provide an attractive affordable product to low- and moderate-income borrowers as an alternative to higher-cost home improvement loan programs. Mellon made over 500 NHILs for \$6 million and 31 of the City of Philadelphia FHA home improvement loans for \$.6 million during the evaluation period.

Mellon is a charter participant in the SBA's Community Express loan program. This flexible, innovative program targets traditionally underserved markets in low- and moderate-income areas. The SBA, the National Community Reinvestment Coalition and participant banks jointly developed this loan program. Begun in 1999, Community Express was piloted in several locations throughout the country, including Philadelphia. Mellon was one of only 8 banks nationwide to pilot the program. Ten loans for \$1.7 million have been made through this program.

## **INVESTMENT TEST**

Mellon's performance under the Investment Test in the Philadelphia Multi-state MSA is rated outstanding. Refer to Table 12 in the Multi-state Metropolitan Area section of Appendix D for the facts and data used to evaluate Mellon's level of qualified investments.

The dollar and number of community development investments and grants made by Mellon is significant and responsive to community needs. Mellon has 53 qualified investments outstanding for nearly \$68 million in the AA. Most of these investments were made or funded during the current evaluation period, including six considered complex in nature. In addition, Mellon has provided an additional \$2.5 million in qualifying investments through 143 grants and sponsorships to various community organizations. These investments serve a variety of community needs including identified community needs for affordable housing and small business financing. The availability of investment opportunities in the Philadelphia AA is considered very good.

Affordable housing support is provided by Mellon's investment in mortgage backed securities (MBS), for which the collateral is loans to low- and moderate-income households. Mellon purchased 39 MBS pools that total nearly \$14 million. These investments provide liquidity to lending institutions so additional mortgages can be made.

Mellon Ventures, L.P. made seven investments in the AA for \$47 million. Six of these investments for \$44 million were made during the evaluation period. All of these investments support economic and small business development in the AA by providing funding to small businesses seeking to expand and grow. Venture capital lending provides a source of funding to businesses that is generally not available through traditional banking sources. These types of investments are complex in nature and require extensive bank management time and financial technical expertise.

Prior to the current rating period, Mellon participated in four low-income housing tax credit partnerships with the National Equity Fund (NEF). These partnerships invested in affordable multifamily housing projects in the Philadelphia AA. Affordable housing needs continue to benefit from these investments. As of December 31, 2000, \$2.2 million was outstanding with approximately another \$1.8 million to be funded.

Mellon also supports two CDFIs in Philadelphia through low-yielding investment deposits. Originally made prior to the current rating period, these investments have been renewed and continue to support The United Bank of Philadelphia, a minority-owned CDFI and the Borinquen Federal Credit Union. Mellon's investment in each is \$250,000 and \$61,041, respectively.

The Bank purchased a community development commercial loan pool, the Community Reinvestment Fund, in 1997. This pool funded businesses located in low- and moderate-income geographies in Philadelphia with below-market rate small business loans. The outstanding balance on this investment is \$500,000.

Mellon provided a high level of qualifying grants and sponsorships to local community organizations. A total of 143 grants for \$2.5 million went to 112 organizations. The grants helped to provide affordable housing, education and financial literacy programs, primary support services to low- and moderate-income individuals and micro-loan small business loan funds. Included in the grants is a ten-year, \$250,000 annual grant to support a sustained neighborhood revitalization effort of Germantown Settlement.

## **SERVICE TEST**

The bank's performance under the Service Test in the Philadelphia AA is rated high satisfactory.

### **Retail Banking Services**

Refer to Table 13 in the Multi-state Metropolitan Area section of Appendix D for the facts and data used to evaluate the distribution of Mellon's branch delivery system and branch openings and closings.

Mellon's service delivery systems are accessible to geographies and individuals of different income levels in its AA. The bank operates 135 office locations in the AA. This includes 37 in-store offices that are located within grocery supermarkets. Seven offices are in low-income geographies and fifteen in moderate-income geographies. Mellon also operates 249 ATMs, 113 of these are in locations separate from the branch offices. Nineteen ATMs are located in low-income geographies and nineteen more are in moderate-income geographies. Mellon's ATM network provides an alternative delivery system for delivering teller based services to low- and moderate-income geographies and to low- and moderate-income individuals. The proportion of offices and ATMs in both low-income and in moderate-income areas is each less than the proportion of the population living in those geographies.

The bank's record of opening and closing offices and ATMs has not adversely affected the accessibility of its delivery systems, especially in low- and moderate-income geographies. Mellon closed 23 offices and opened 11 during the evaluation period in the Philadelphia AA. The net reduction of 12 offices occurred entirely in middle- and

upper-income tracts. In moderate-income geographies, Mellon opened one office and closed another. The number of ATMs located in low-income areas was unchanged and a net reduction of one ATM occurred in a moderate-income area. In total, Mellon's ATM network increased by 14 ATMs during the evaluation period.

With the exception of a couple of boutique offices, all of Mellon's branches provide full banking services. The traditional branch office hours are tailored to reflect the activity level of each office and the needs of the local community. This may include earlier or later operating hours and some are open on Saturdays. Hours and services are generally comparable among geographies of different income levels. Mellon's 37 in-store offices offer the most expansive evening hours and also are open on Sundays. These offices are primarily located in middle- and upper-income areas. However, we concluded that the bank's history of opening and closing offices and the location of the bank's in-store offices did not have a diminishing effect on the accessibility of banking to low- and moderate-income individuals. Supermarket stores large enough to accommodate in-store banking offices are typically located in growing demographic areas with high traffic corridors. These locations are able to draw shoppers of differing income levels, including low- and moderate-income individuals from a large geographic area.

Mellon offers a broad range of banking services and delivery systems to its customers, such as internet banking, 24 hour toll-free telephone banking, and telephone customer service representation seven days a week. We did not give significant weight to these alternative delivery systems as data was not available from the bank on how low- and moderate-income individuals and geographies are impacted by these services.

### **Community Development Services**

Mellon provides a good level of community development services to the Philadelphia AA. Bank employees serve on a variety of boards, committees and task forces to provide financial expertise, educational services and advice to various non-profit organizations that serve low- and moderate-income residents and neighborhoods. Services are also provided directly to low- and moderate-income residents, particularly in the area home ownership and financial literacy education. The services provided are responsive to the needs of the community. The following are examples of the type of community development services Mellon has undertaken.

Mellon employees have assisted local housing organizations and conducted workshops sessions designed to provide home-ownership training to first time homebuyers. The target audiences of the sessions are primarily of low- or moderate-income. Over the course of the evaluation period Mellon participated in 36 such workshops with 700 attendees. Organizations assisted include Homeownership Counseling Association of Delaware Valley, Media Fellowship House, University of Pennsylvania Housing Development Office, Genesis Housing Corp, St. Joseph Carpenter Society and Affordable Housing Coalition of Burlington County.

Mellon operates a financial literacy and consumer education program called “Focus on Learning”. One activity of this program is an in-school program that teaches low- and moderate-income area school children about money and banking. Other education activities include neighborhood newsletters distributed in low- and moderate-income areas that discuss financial management topics such as maintenance of a good credit rating and access to banking services.

Mellon employees provide financial and technical expertise support to local organizations that provide community development services by serving on their boards and committees. Examples include chairing the loan committee of the Cooperative Business Assistance Corporation, a CDFI that provides loans to small businesses in the City of Camden and various board and officer positions on the Affordable Housing Coalition of Burlington County.

## State Rating

**CRA Rating for Pennsylvania<sup>2</sup>: Outstanding**  
**The Lending Test is rated: Outstanding**  
**The Investment Test is rated: Outstanding**  
**The Service Test is rated: High Satisfactory**

The major factors that support this rating include:

- An excellent geographic distribution of loans. Performance is particularly strong in generating home purchase and small loans to businesses in areas of low- and moderate-income.
- Mellon's distribution of loans by borrower income is good. This includes an excellent distribution of home purchase loans to low- and moderate-income borrowers. Mellon's home purchase performance demonstrates a high level of responsiveness on its part to the community's need for affordable homeownership.
- Excellent Community Development lending that had a positive impact on the bank's overall lending performance. Mellon is a leader in community development loans to affordable housing projects and groups, providers of community development services and organizations providing economic development. The majority of these funds have gone to support the construction or rehabilitation of affordable housing.
- A good level of home mortgage loan and small loans to business activity.
- Loan products that are considered innovative or flexible. These had a positive impact on the bank's overall lending performance. The bank's Neighborhood Mortgage Loan Program has been highly effective in targeting the bank's home mortgage lending efforts toward identified community credit needs.
- Mellon has an excellent level of investments that serve a variety of community needs including affordable housing and small business financing. A strong grant program targeted at community development needs augments the bank's investment efforts.
- Mellon's branches and delivery systems are accessible to geographies and individuals of different income levels. Mellon employees provide a good level of community development services throughout the assessment area.

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<sup>2</sup> For institutions with branches in two or more states in a multi-state metropolitan area, this statewide evaluation does not reflect performance in the parts of the state contained within the multi-state metropolitan area. Refer to the multi-state metropolitan area section of the PE for the rating and evaluation of the institution's performance in that area.



## **Description of Mellon's Operations in the Commonwealth of Pennsylvania**

Mellon has twelve AAs located throughout Pennsylvania. The AAs consist of 1,513 census tracts with a population of 5.4 million as of the 1990 census. The AAs are comprised of a total of 24 counties. The Philadelphia multi-state MSA is evaluated separately for the CRA and is not included in the Pennsylvania analysis or data.

Mellon's deposits in its Pennsylvania AAs total \$13.8 billion as of June 30, 2000. The Pittsburgh AA is dominant in size with 79 percent of the deposit base. The Harrisburg AA represents another 4 percent of deposits. Statewide, Mellon has 212 branch offices with 115 in Pittsburgh and 15 in Harrisburg. In total there are more than 180 FDIC-insured institutions competing in the various AAs. Mellon's statewide market share of almost 16 percent places it second.

Refer to the Market Profiles for Pennsylvania in Appendix C for detailed demographics and other performance context information for the AAs that received full-scope reviews.

## **Scope of Evaluation in Pennsylvania**

Full-scope reviews were performed for the Pittsburgh and Harrisburg AAs. Combined they hold the majority of branch locations (61%), deposits (83%), and reportable loan volume (57%) within the State's AAs. Accordingly, the State's rating is based primarily on the results of these full-scope reviews. Of the two AAs, Pittsburgh received the greatest weight as it has the overwhelming majority of branch offices, deposits, and loans. More weight was also placed on home mortgage lending than upon small loans to businesses, a reflection of the level of activity for each. However, within home mortgage lending we placed less weight on refinance performance despite its volume. This reflects that home purchase and improvement was identified more often as a credit need while demand for home refinance lending is often driven by economic interest rate conditions. Small loans to farm information is excluded, as the analysis was not meaningful.

We utilized community contact information to assist in identifying area credit and community development needs. Information obtained from these contacts was included in the Market Profile section of Appendix C.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Pennsylvania is rated "Outstanding." Based on full-scope reviews, Mellon's performance in the Pittsburgh and Harrisburg AAs is excellent.

## **Lending Activity**

Refer to Table 1 in the Pennsylvania section of Appendix D for the facts and data used to evaluate the Bank's lending activity. Mellon's lending activity in the Pittsburgh and Harrisburg AAs represents good responsiveness to the AA's credit needs.

In the Pittsburgh AA, Mellon originated and purchased over 12,000 reportable loans totaling \$1 billion during the evaluation period. Approximately 72 percent were home mortgage and 27 percent small loans to businesses. The composition of home mortgage loan origination/purchases was 6 percent home purchase, 34 percent home improvement, and 60 percent home refinance.

Mellon ranks second in the Pittsburgh AA for deposit market share with 24.1 percent according to June 30, 2000, FDIC Deposit Market Share Report. Mellon's 1999 HMDA Pittsburgh AA loan market share rank is fifty-fourth for home purchase (.49%), second for home improvement (9.42%) and third for home refinance (4.59%). Mellon ranked sixth for small loans to businesses (5.74%) based on 1999 CRA aggregate data.

In the Harrisburg AA, Mellon originated and purchased over 1,800 reportable loans totaling \$140 million during the evaluation period. Approximately 70 percent were home mortgage and 30 percent small loans to businesses. The composition of home mortgage loan origination/purchases was 28 percent home purchase, 19 percent home improvement, and 53 percent home refinance.

Mellon ranks fifth in the Harrisburg AA for deposit market share with 7.1 percent according to June 30, 2000, FDIC Deposit Market Share Report. Mellon's 1999 HMDA Harrisburg AA loan market share rank is nineteenth for home purchase (1.40%), tenth for home improvement (2.58%) and eleventh for home refinance (2.28%). Mellon ranked eighth for small loans to businesses (4.25%) based on 1999 CRA aggregate data.

Although loan market share for Pittsburgh and Harrisburg AAs is less than deposit market share, loan volume in both full-scope areas is good considering the nature and volume of competing home mortgage lenders and small business loans from national credit card organizations have on the area. Community development lending also had a positive impact on lending activity in the Pittsburgh and Harrisburg AAs.

As previously mentioned, Mellon sold its mortgage company midway through the evaluation period. This resulted in the Bank's exit from the home purchase and first mortgage refinance business. However, Mellon continued to offer its affordable home purchase mortgage product as it targeted a specific, identified community credit need.

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

The overall geographic distribution of the bank's lending is excellent in the Pittsburgh and Harrisburg AAs.

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

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

Mellon's geographic distribution of home purchase loans is excellent in the Pittsburgh and Harrisburg AAs. In Pittsburgh, the percentage of home purchase loans to borrowers residing in low-income and moderate-income geographies exceed the percentage of owner-occupied housing units located within these geographies by 1.9 and 1.3 times, respectively. Mellon's market share of loans in low-income and moderate-income geographies also significantly exceeds its overall market share of .49 percent. It is 3.3 times greater in low-income areas and 1.3 times greater in moderate-income areas. In Harrisburg, the proportion of the Bank's home purchase loans in low-income areas is greater than, and for moderate-income areas is equal to, the percentage of owner-occupied housing units in these areas. Mellon's market share of loans in both low- and moderate-income areas of Harrisburg exceeds its overall market share.

Mellon's geographic distribution of home improvement loans is excellent in the Pittsburgh AA and good in the Harrisburg AA. In the Pittsburgh AA, the percentage of home improvement loans in low- and moderate-income areas is greater than the percentage of owner-occupied housing units within these geographies by 1.4 and 1.7 times respectively. Mellon's market share of loans in both low- and moderate-income geographies also significantly exceeds the Bank's overall market share of 2.6 percent by 1.8 times. In the Harrisburg AA, the Bank's market share and percentage of home improvement loans in low-income areas was lower than its overall market share and the percentage of owner-occupied housing units. In moderate-income areas, the bank's performance was stronger, exceeding its overall market share and the proportion of owner-occupied housing units.

Mellon's geographic distribution of home refinance loans is adequate in the Pittsburgh and Harrisburg AA's. Management has not targeted low- and moderate-income areas for refinance lending and the 1999 sale of the mortgage company eliminated Mellon's first mortgage refinance loan product.

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

Refer to Table 5 in the 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.

Mellon's geographic distribution of small loans to businesses is excellent in the Pittsburgh and Harrisburg AAs. In the low-income and moderate-income areas for each of these markets, the percentage of small loans to businesses is near to or exceeds the percentage of small businesses located in these geographies. Market share analysis reflects an even stronger level of performance. Mellon's low-income market share is 1.5

times and 3.3 times its overall small business market share for Pittsburgh AA and Harrisburg AA, respectively. Similarly, moderate-income market share also exceeds the Bank's overall market share by 1.4 times for the Pittsburgh AA and 1.5 times for the Harrisburg AA.

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

Home mortgage and small business lending patterns were reviewed using mapping and other techniques for gaps in geographic lending. No significant or unexplained gaps were revealed. In the Pittsburgh AA, a few areas with little or no loans were concentrated in census tracts with a very low percentage of owner-occupied housing units. In the Harrisburg AA, we noted little lending in the northern rural section of the AA. A mountain range makes this area less convenient to Mellon's branches than other financial institutions that service the area. These gaps did not affect our conclusion regarding geographic distribution.

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

Mellon originates a substantial majority of home mortgage and small business loans within its AAs. This reflects a high degree of focus on lending within the Bank's AAs. We calculated the inside/outside ratio on a state basis and a bank-wide basis using Mellon's home mortgage and small business loans. Lending activities by Mellon affiliates are excluded from this calculation.

In Pennsylvania, over 94 percent of Mellon's home mortgage loans and 97 percent of small loans to businesses were located within its Pennsylvania AAs. On a bank-wide basis the inside/outside ratio declines to just over 75% for home mortgages. This was primarily due to Mellon originating jumbo mortgage products on behalf of its affiliate, Boston Safe Deposit and Trust. Many of these jumbo mortgages were outside of Mellon's three operating states of Pennsylvania, Maryland and New Jersey. The inside ratio on a product type basis shows that 81 percent of home improvement loans, 73 percent of home purchase loans and 73 percent of home refinance loans were within Mellon's AAs. The bank-wide inside ratio of small loans to businesses remained high at almost 95 percent.

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

The overall borrower distribution of the bank's lending is good in the Pittsburgh AA and adequate in Harrisburg AA. Performance is excellent for home purchase loans to low- and moderate-income borrowers.

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

Refer to Tables 7, 8, and 9 in the Pennsylvania section of Appendix D for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases. The overall borrower distribution of home mortgage loans is good.

Mellon's distribution of home purchase loans to low- and moderate-income borrowers in the Pittsburgh and Harrisburg AAs is excellent. The percentage of home purchase loans made to low-income borrowers in the Pittsburgh AA is near to the percentage of low-income families. The percentage of home purchase loans made to moderate-income borrowers greatly exceeds the percentage of moderate-income borrowers. In the Harrisburg AA, the percentage of home loans to low- and moderate-income borrowers is approximately twice as great as the percentage of low- and moderate-income families in the AA. Market share analysis is also impressive. In Pittsburgh AA, Mellon's market share of low- and moderate-income borrowers is 2.8 times and 1.6 times greater than its overall market share. In Harrisburg, Mellon's market share of low- and moderate-income borrowers is 4.7 and 2.9 times greater than its overall market share. These results indicate the success of the Bank's programs targeted toward low- and moderate-income borrowers.

Mellon's distribution of home improvement loans by borrower income is good in the Pittsburgh AA and adequate in the Harrisburg AA. The percentage of home improvement loans to low-income borrowers in both AAs is below the percentage of low-income families, but for moderate-income borrowers the percentage nearly matches the percentage of moderate-income families. Mellon's Pittsburgh AA market share of both low- and moderate-income borrowers somewhat exceeds its overall market share. In Harrisburg AA the low-income market share is somewhat lower than its overall market share for low-income borrowers. For moderate-income borrowers the market share is also lower, but by a greater amount.

Mellon's distribution of home refinance loans by borrower income level is adequate in the Pittsburgh and Harrisburg AAs. The percentage of home refinance loans to low-income borrowers in both AAs is well below the percentage of low-income families. Market share also trails the bank's overall market share. The percentage of home refinance to moderate-income borrowers in both AAs, as well as market share comparisons, are somewhat below to nearly matching the demographic levels and overall bank market share. Management has not targeted its special purpose programs to low- and moderate-income borrowers for refinance lending.

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

Refer to Table 10 in the state of Pennsylvania section of Appendix D for the facts and data used to evaluate the borrower distribution of the Bank's origination and purchase of small loans to businesses. The distribution of small loans to business is adequate for the Pittsburgh and Harrisburg AAs.

In the Pittsburgh and Harrisburg AAs, 43 and 44 percent respectively of Mellon's reportable small business loans were to businesses with annual revenue equal to or less than \$1 million. These percentages are well below the percentage of small businesses located in the AA. However, these percentages do not fully reflect the income distribution of the loan portfolio as revenue information was not obtained on 26

percent of Pittsburgh AA and 29 percent of Harrisburg AA small loans to businesses. For this reason, the income distribution of small loans to businesses was weighted less heavily in our analysis than home mortgage income distribution.

Of the loans where revenue information was known, 58 percent of Pittsburgh AA and 62 percent of Harrisburg AA loans were to businesses with revenue less than or equal to \$1 million. While still less than the market demographics, this supports that the bank is lending to borrowers of different revenue size. Many of the loans that did not have revenue information are loans made by Mellon's AFCO subsidiary. These loans are used to finance insurance premiums and Mellon does not require borrower revenue information. While the size of a loan does not necessarily equate to the size of the business, 65 percent of these loans in Pittsburgh and 71 percent in Harrisburg were for less than \$100,000.

### **Community Development Lending**

Refer to Table 1 in the state of Pennsylvania section of the Appendix D for the facts and data used to evaluate Mellon's level of community development lending.

The Bank's volume of community development lending had a positive impact on the Lending Test.

Mellon originated an excellent volume of community development loans. The dollar volume in Pittsburgh AA represents 3.6 percent of the bank's allocated Tier 1 Capital. In Harrisburg AA it is 13.6 percent of the bank's allocated Tier 1 Capital. Mellon is a leader in community development lending. Through its MBCDC, specialized staff and expertise are available to assist organizations sponsoring affordable housing and small business development projects and activities. MBCDC is able to structure loan terms and conditions that can accommodate special situations and needs, providing a level of flexibility and risk acceptance that is not always available with conventional financing. Through this type of lending, Mellon can effectively respond to a wide variety of identified community development loan needs.

Mellon has developed lending relationships with numerous non-profit housing organizations, governmental agencies and private developers in the area. Examples of some of the organizations and the manner in which Mellon has provided community development lending to them are detailed herein. In the Pittsburgh AA, one community development loan totaling over \$17 million provided for the rehabilitation of 500 units in an affordable housing project. Another community development loan of \$2.3 million loan supported development of a shelter for homeless women. Several other large loans provided financing for multi-family or elderly affordable housing complexes. Many smaller affordable housing creation loans went to organizations located throughout the Pittsburgh AA such as the CEDC of Clairton, Pittsburgh Housing Development Corporation, Mon Valley Initiative, Allegheny West CMC Council and East Pittsburgh EDC. Other community development loans went to organizations that focus on community human services and jobs skill training for low- and moderate-income residents.

In the Harrisburg AA, several community development loans benefited non-profit, governmental agencies, and private developers of affordable housing. Other community development loans helped to support a small business micro-loan program through the Capital Region Economic Development Corporation, provide bridge-loan funding of a grant to support redevelopment efforts in a designated Enterprise Zone, and finance a community-based education/day care facility for low- and moderate-income households.

Mellon also assisted in the creation of the Pennsylvania Community Development Bank. Mellon provided a \$5 million line of credit to this entity that helps to fund the activities of CDFI's throughout the Commonwealth of Pennsylvania.

### **Product Innovation and Flexibility**

Mellon offers several lending programs in the AAs that are considered flexible or innovative in nature. These had a positive impact on the Lending Test conclusion. Mellon's NMLP is a proprietary home purchase product with flexible underwriting guidelines and a competitive interest rate. It is made available to low- and moderate-income, first time homebuyers. Over 80 NMLP loans for over \$4 million were made in the Pittsburgh AA during the evaluation period. Mellon continued to offer this product even after its 1999 exit from the general business of granting residential home purchase and first mortgage refinancing.

In Pittsburgh and Harrisburg AAs, Mellon participated in a flexible, affordable home purchase program sponsored by the Pennsylvania Housing Finance Agency's bond program. Eighty-two loans for \$4.4 million were made in the Pittsburgh AA while 9 loans for \$.7 million were made in the Harrisburg AA. Also in the Pittsburgh AA, affordable home purchase loans were made through programs sponsored by the Urban Redevelopment Authority (67 loans for \$3.9 million) and Allegheny County (32 loans for \$1.6 million).

Since the prior CRA evaluation, Mellon developed and implemented the Neighborhood Home Improvement Loan (NHIL) program. It includes a proprietary Mellon product with flexible underwriting guidelines. It offers borrowers a low minimum dollar amount and monthly payment as well as a below-market interest rate. There is also a secured and unsecured version available to meet borrowers' different needs. These features provide an attractive affordable product to low- and moderate-income borrowers as an alternative to higher-cost home improvement loan programs. In the Pittsburgh AA, 751 NHILs for \$8.8 million were made. Additionally, Mellon uses a City of Pittsburgh program that offers a FHA product alternative. An additional 15 loans for \$.2 million were made through the City program. In the Harrisburg AA, 26 NHIL loans for \$.4 million were made

Mellon is a charter participant in the SBA's Community Express loan program. This new and innovative program targets traditionally underserved markets such as minority and women-owned businesses in low- and moderate-income areas. The SBA, the National Community Reinvestment Coalition and participant banks, jointly developed this innovative and flexible loan program. Beginning in 1999, Community Express was piloted in several locations throughout the country to include Allegheny County in the Pittsburgh AA. Six loans for \$.7 million have been made in Allegheny County through this program.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in Altoona, Erie, Lancaster, Newburgh, Scranton/Wilkes-Barre, Sharon, State College, York MSA's and the combined Pennsylvania non-metropolitan AA is not inconsistent with the bank's performance under the Lending Test for Pennsylvania. Performance for Williamsport MSA is weaker than the bank's overall performance in the state. This did



not impact our overall conclusion relative to the lending test. Lending activity was low in the Williamsport AA and Mellon exited this market during the evaluation period. Refer to the Tables 1 through 11 in Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

Refer to Table 12 in the Pennsylvania section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments. The bank's performance under the Investment Test in Pennsylvania is rated Outstanding. Based on full-scope reviews, the bank's performance is excellent in the Pittsburgh and Harrisburg AAs.

The dollar amount and number of community development investments and grants made by Mellon is significant and responsive to community needs. In the Pittsburgh AA, Mellon has 48 investments that total nearly \$29 million outstanding, including three considered complex in nature. In addition, Mellon has provided an additional \$1.5 million in qualifying investment grants to various community organizations. Five unfunded investment commitments also exist totaling an additional \$10 million.

In the Harrisburg AA, Mellon has 20 investments totaling \$3.4 million. In addition, Mellon has provided \$206 thousand in qualifying investment grants to various community organizations.

These investments serve a variety of community needs including affordable housing and small business financing. The availability of investment opportunities in the Pittsburgh AA is moderately high although competition is strong. Availability in the Harrisburg AA is more limited.

Primary investments utilized by Mellon in both the Pittsburgh and Harrisburg AA are single-family home mortgage pools representing loans to low- and moderate-income borrowers and affordable housing tax credit investments for multifamily projects. These investments are responsive to the community needs. The mortgage pools provide liquidity to lending institutions so additional mortgages can be made. The low-income housing tax credits (LIHTC) provide long-term investment sources to fund affordable multifamily housing.

Other investments include activities of Mellon Ventures, L.P., a Small Business Investment Company (SBIC). Its venture capital lending provides a source of funding to businesses that is generally not available through traditional banking sources. These investments are complex in nature and require extensive bank management time and financial technical expertise. Mellon made three small business capital investments in the Pittsburgh AA during the evaluation period. Totalling \$4.4 million, these investments help small businesses seeking to grow and expand.

In 1999, Mellon Leasing invested in a multi-project, low-income housing pool that included the development of affordable senior housing in the Pittsburgh AA. From the pool, \$16.4 million will be invested in two projects located on Pittsburgh's "Southside" working to preserve existing housing while offering new, multi-family and single-room occupancy (SRO) units for the area's lower-income population.

In 1999, Mellon, through its Community Development Corporation affiliate invested \$1 million in the Community Development Trust, Inc. (CDT). Mellon was the first national bank to receive OCC approval for its affiliate's investment in this innovative real estate investment trust (REIT). Developed in conjunction with a major initiative by Local Initiative Support Corporation (a national nonprofit, community development intermediary), the CDT was designed to have a significant role in preserving the existing stock of Section 8 affordable housing properties, reducing federal subsidy costs and establishing a new investment vehicle and market.

Mellon provided numerous qualifying grants and sponsorships to local community organizations. Grants in both the Pittsburgh and Harrisburg AAs help provide affordable housing, education and financial literacy programs, and basic support services to low- and moderate-income individuals. Significant grants have also been directed toward economic development and revitalization efforts of low- and moderate-income areas and Mellon has donated furniture and photocopying services to various community development organizations.

One of the more significant grants involved Mellon and Pennsylvania's Community and Economic Development Department. In 1998 Mellon committed to an annual \$250,000 grant over a 10-year period to the Bloomfield-Garfield Corporation for stabilization and re-development of Penn Avenue in Pittsburgh. The money will help fund new affordable housing, an after school program for children, and job training and job placement programs for low- and moderate-income residents.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Erie, Lancaster, York and PA Non-Metropolitan AAs is not inconsistent with the bank's overall outstanding performance under the Investment Test in Pennsylvania.

In the Altoona, Newburgh, Sharon, and Williamsport AAs the bank's performance is good but weaker than the bank's overall performance. Performance in the

Scranton/Wilkes-Barre and State College Assessment Areas is also weaker but adequate. Compared to the full-scope AAs, investment opportunities tend to be more limited in the smaller market areas. Performance in the limited scope areas was considered in the overall conclusion but did not negatively impact the rating.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Pennsylvania is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Pittsburgh and Harrisburg AAs is good.

### **Retail Banking Services**

Refer to Table 13 in the Pennsylvania 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.

Mellon's service delivery systems are accessible to geographies and individuals of different income levels in its AA

In the Pittsburgh AA, Mellon operates 115 branch offices. Four of the branches are in low-income geographies and twenty-seven are in moderate-income geographies. The proportion of Mellon's branches in low-income geographies is similar to the percentage of the population living in low-income geographies. In moderate-income geographies, the proportion of Mellon's branches is greater than the percentage of the population in the geographies. Mellon has 15 branch offices in the Harrisburg AA. None are located in low-income geographies, but with two offices in moderate-income geographies, the percentage of its offices in moderate-income geographies is greater than the percentage of the population living in those tracts.

Mellon's ATM network provides an alternative delivery system for delivering teller based services to low- and moderate-income geographies and to low- and moderate-income individuals. In the Pittsburgh AA, Mellon operates 217 ATMs, 5 in low-income geographies and 46 in moderate-income geographies. The geographic distribution of ATMs in low- and moderate-income areas is generally similar to Mellon's branch distribution in the Pittsburgh AA. In the Harrisburg AA, ATMs in low- and moderate-income areas match the branch network locations.

The bank's record of opening and closing branches and ATMs has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income individuals. No offices have been opened or closed in the low- or moderate-income geographies of the Pittsburgh and Harrisburg AAs. There also has been no reduction in the number of ATMs located in low- or moderate-income areas. In the Pittsburgh AA, the number of ATMs in moderate-income areas increased by one.

Banking office hours are tailored to reflect the activity level and needs of each office and its surrounding community. Many of the offices in the Pittsburgh AA, including offices in low- and moderate-income areas, provide extended hours and/or weekend banking. This includes the 33 offices Mellon has located inside of supermarkets. These offices are primarily located in middle- and upper-income areas. However, we concluded that the bank's history of opening and closing offices and the location of the bank's in-store offices did not have a diminishing effect on the accessibility of banking to low- and moderate-income individuals. Supermarket stores large enough to accommodate in-store banking offices are typically located in growing demographic areas with high traffic corridors. These locations are able to draw shoppers of differing income levels, including low- and moderate-income individuals from a large geographic area.

In the Harrisburg AA, the level of service available at the moderate-income branches is similar to its branches elsewhere in the AA

Mellon offers a broad range of banking services and delivery systems to its customers, such as internet banking, 24 hour toll-free telephone banking, and telephone customer service representation seven days a week. We did not give significant weight to these alternative delivery systems as data was not available from the bank on how low- and moderate-income individuals and geographies are impacted by these services.

### **Community Development Services**

Mellon provides a good level of community development services to the Pittsburgh and Harrisburg AAs. Mellon employees serve as volunteers on a wide variety of community boards, committees and task forces. Through their involvement they are able to provide financial expertise, educational service and advice to a high number of organizations and community members.

In the Pittsburgh AA, Mellon employees serve on a large number of different loan review and similar committees operated by various Community Development Corporations, housing organizations and economic development agencies. Mellon employees have also been instrumental in providing financial management assistance to area non-profit organizations. Efforts have included designing financial systems and budgets. Mellon employees also regularly participate in homebuyer and consumer credit workshops.

In the Harrisburg AA, Mellon employees also serve on various organizations and boards such as Susquehanna Housing Opportunities and Tri-County Development Corporation that are involved in affordable housing for low- and moderate-income individuals. Employees have participated in homebuyer workshops sponsored by Harrisburg Fair Housing Counsel, Cumberland County Homebuyers Coalition for low- and moderate-income individuals and SBA lender forums held by the Capital Area Minority Development Coalition.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Altoona, Erie, Lancaster, Newburgh, Scranton/Wilkes-Barre, Sharon, State College, York and Non Metropolitan AAs is not inconsistent with the bank's overall High Satisfactory performance under the Service Test in Pennsylvania. A conclusion on the Williamsport AA was not considered to be meaningful as Mellon sold this office and exited from this marketplace during the evaluation period.

## State Rating

**CRA Rating for New Jersey<sup>3</sup>: Satisfactory**  
**The Lending Test is rated: High Satisfactory**  
**The Investment Test is rated: High Satisfactory**  
**The Service Test is rated: Low Satisfactory**

The major factors that support this rating include:

- A good level of home mortgage and small loans to business activity.
- Mellon's geographic distribution of loans is good. Performance is particularly strong in the distribution of home improvement loans in areas of low- and moderate-income.
- The distribution of loans by borrower income is adequate.
- Loan products that are considered flexible. The bank's Neighborhood Mortgage Loan Program product had a positive impact on the bank's overall lending performance.
- A good level of investment that is responsive to the housing needs of the area.
- Service delivery systems are accessible to geographies and individuals of different income levels in its AA.

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<sup>3</sup> For institutions with branches in two or more states in a multi-state metropolitan area, this statewide evaluation does not reflect performance in the parts of the state contained within the multi-state metropolitan area. Refer to the multi-state metropolitan area section of the PE for the rating and evaluation of the institution's performance in that area.

## **Description of Institution's Operations in New Jersey**

Mellon has three AAs in New Jersey. They are the Atlantic/Cape May, Trenton and Vineland MSAs and contain 186 census geographies in four counties. The 1990 Census population of the AAs was 783,000.

Mellon's deposits in these AAs total \$43 million as of June 30, 2000, and represent less than .5 percent of Mellon's total deposits. Mellon maintains seven branches and ten ATMs in the AAs. All of the branches are in-store supermarket locations. Over 100 FDIC-insured institutions compete within these MSAs.

Refer to the Market Profiles for the state of New Jersey in Appendix C for detailed demographics and other performance context information for the AA that received a full-scope review.

## **Scope of Evaluation in New Jersey**

The Atlantic/Cape May AA was selected for a full-scope review as it represented the AA with the largest portion of Mellon's New Jersey deposits (60%) and banking offices (57%). The State's rating is based primarily on the review results of this AA.

Home refinance lending is the largest component of the bank's reportable home loans. However, in that it is a product that has not been identified as having a significant unmet credit need we under-weighted the importance of this product in relation to other loan products in reaching an overall lending conclusion.

Community contact information regarding the credit needs of the community is included in the Market Profile section of Appendix C.

## **LENDING TEST**

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

The bank's performance under the Lending Test in New Jersey is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Atlantic/Cape May AA is good.

### **Lending Activity**

Refer to Table 1 in the state of New Jersey section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Mellon's lending activity in the Atlantic/Cape May AA is good. During the evaluation period Mellon originated and purchased over 500 loans totaling nearly \$44 million in the AA. Loan volume was almost evenly split between home mortgages (51%) and small loans to businesses (49%); with home mortgages being 14 percent for home purchase, 22 percent for home improvement, and 64 percent for home refinance.

Mellon ranks fifteenth in the Atlantic/Cape May AA for deposit market share with .59 percent according to June 30, 2000, FDIC Deposit Market Share Report. Mellon's 1999 HMDA information for the AA places the bank one hundred and twenty-third for home purchase market share (.14%), nineteenth for home improvement (.82%), and thirty-ninth for home refinance (.84%). Mellon is ranked twelfth for small loans to businesses market share (1.76%) based on 1999 CRA aggregate data. Using this data, Mellon's 1999 market share of home improvement, home refinance and small loans to businesses was greater than the bank's deposit market share. However, only small loans to businesses had a higher relative ranking in the AA than Mellon's deposit position. Home purchase market share was lower than the bank's deposit market share.

As previously mentioned, Mellon sold its mortgage lending subsidiary midway through the evaluation period which resulted in the bank's exit from the home purchase and first mortgage refinance business. However, Mellon continued to offer its affordable home purchase mortgage product as it targeted a specific, identified community credit need.

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

The overall geographic distribution of the bank's lending is good in the Atlantic/Cape May AA.

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

Refer to Tables 2, 3, and 4 in the state of New Jersey section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Mellon's home purchase lending shows excellent penetration of low-income geographies and adequate penetration of moderate-income geographies. The percentage of Mellon's home purchase loans in low-income geographies significantly exceeds the percentage of owner occupied housing in these geographies. Mellon's 1999 low-income home purchase market share is also significantly greater than its overall market share of .14 percent. The percentage of Mellon's home purchase loans in moderate-income geographies is less than the percentage of owner occupied housing in these geographies. Mellon's moderate-income market share is also somewhat less than its overall market share.

Home Improvement lending is excellent in both low- and moderate-income census geographies. The distribution of loans in low-income tracts is 2.2 times the percentage



of owner-occupied units in those geographies. Moderate-income geographies were penetrated at 1.3 times the rate of owner-occupied units in those geographic locations. Low- income market share is 11 times greater than overall market share. Moderate-income marketshare is 1.3 times greater than overall market share. This indicates excellent penetration of these low- and moderate-income geographies.

Mellon's distribution of refinance loans in both low- and moderate-income geographies is adequate, but trails the percentage of owner-occupied units in these geographies. Market share in both low- and moderate-income areas is also lower than the Bank's overall market share. Management has not targeted low- and moderate-income areas for refinance lending and the 1999 sale of the mortgage company eliminated Mellon's first mortgage refinance loan product.

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

Refer to Table 5 in the state of New Jersey section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Mellon's geographic distribution of small loans to businesses is good. In the low-income areas performance is excellent as the percentage of small loans to businesses exceeds the percentage of small businesses located in these geographies. Mellon's low-income market share is also 1.6 times greater than the Bank's overall market share. In the moderate-income areas performance is adequate, as the percentage of small loans to businesses is less than the percentage of businesses located in these geographies. Mellon's market share in moderate-income areas is also less than Mellon's overall market share.

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

Small farm loans were not a product offered in this state.

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

Home mortgage and small business lending patterns were reviewed using mapping and other techniques for gaps in geographic lending. No significant or unexplained gaps were revealed. Several areas of the assessment area have very limited lending by Mellon. This is attributed to the bank's limited physical presence (4 offices) in the assessment area. This gap did not affect our conclusion regarding geographic distribution.

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

Mellon originates a substantial majority of home mortgage and small business loans within its AAs. We calculated the inside/outside ratio on a state and bank-wide basis using Mellon's home mortgage and small business loans. Lending activities by Mellon affiliates are excluded from this calculation. In New Jersey, over 72 percent of Mellon's home mortgage loans and 94 percent of small loans to businesses were located within

its New Jersey AA.

On a bank-wide basis the inside/outside ratio is similar at approximately 75% for home mortgages. The bank-wide inside ratio by loan type show that 81 percent of home improvement loans, 73 percent of home purchase loans and 73 percent of home refinance loans were within Mellon's AAs. The bank-wide inside ratio of small loans to businesses remained high at almost 95 percent.

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

Mellon's borrower distribution of loans is adequate in the Atlantic/Cape May AA.

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

Refer to Tables 7, 8, and 9 in the state of New Jersey section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases in New Jersey. In assessing performance we did consider that poverty levels would have an affect on the ability of some low-income families to afford homeownership.

Mellon's distribution of home purchase loans to low- and moderate-income borrowers is adequate. The percentage of home purchase loans made to both low- and moderate-income borrowers is lower than the percentage of low- and moderate-income families in the AA. Mellon's market share of low-income borrowers is greater than its overall market share, while Mellon's market share of moderate-income borrowers is lower than the bank's overall market share.

Mellon's distribution of home-improvement loans to low- and moderate- income borrowers is adequate. The percentage of home improvement loans to both low- and moderate-income borrowers is less than the percentage of low- and moderate-income families. Mellon's market share of low- income borrowers is much lower (zero percent in 1999) than its overall market share, while market share among moderate-income families slightly exceeds the bank's overall market share.

Mellon's distribution of home refinance loans to low- and moderate-income borrowers is adequate. The percentage of home refinance loans to low-income borrowers is much lower than the percentage of low- income families. Mellon's market share of low-income borrowers is also below the bank's overall market share. The percentage of home refinance loans to moderate-income borrowers is slightly below the percentage of moderate- income families, and Mellon's market share among moderate-income families exceeds its overall market share.

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

Refer to Table 10 in the state of New Jersey section of Appendix D for the facts and 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 adequate. Mellon's percentage of bank loans to small businesses is significantly less than the percentage of small businesses in the Atlantic/Cape May AA. However, the bank's percentage may be under-represented, as Mellon did not collect revenue information on 49 percent of its small loans to businesses. For this reason, the income distribution of small loans to businesses was weighted less heavily in our analysis than home mortgages. Using only loans where revenue information was known, 63 percent were provided to businesses with revenue of \$1 million or less. While still less than the market demographics, this supports that the bank is lending to borrowers of different revenue size. Many of the loans without revenue information were made by Mellon's AFCO affiliate. It provides financing of insurance premiums and revenue information is not required for this form of financing. However most of these loans are small, in amounts of less than \$100,000. Altogether, over 97 percent of Mellon's small loans to businesses were for amounts of \$100,000 or less.

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

Small farm loans were not a product offered in this State.

### **Community Development Lending**

Refer to Table 1 in the state of New Jersey section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending did not have a material impact on the Lending Test conclusion. In 1999, Mellon provided a \$100,000 loan to Vision 2000 Community Development Corporation. It provides financing and technical assistance to small and start-up businesses, principally in the low- and moderate-income areas of Atlantic City and Pleasantville.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion. Mellon offers the Neighborhood Mortgage Loan Program (NMLP), a proprietary home purchase product made available to low- and moderate- income first-time homebuyers. In addition, Mellon offers the Neighborhood Home Improvement Loan (NHIL) program. Both of these products provide flexible underwriting and advantageous terms that are targeted toward low- and moderate-income borrowers.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the Trenton and the Vineland AAs is not inconsistent with the bank's overall High Satisfactory performance under the Lending Test in New Jersey.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in New Jersey is rated High Satisfactory. Based on the full-scope review, the bank's performance in the Atlantic/Cape May AA is good.

Refer to Table 12 in the state of New Jersey section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Mellon made 5 investments and 1 grant in the Atlantic/Cape May AA for \$.8 million. These investments were in single-family affordable home mortgage securities. In relation to the bank's Atlantic/Cape May deposit base, the level of investment reflects a good willingness to support CRA-targeted investment opportunities. The investments are not considered innovative or complex in design.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Vineland AA is not inconsistent with the bank's overall High Satisfactory performance under the Investment Test in New Jersey. Mellon has a very high level of investments in relation to the scope of its operation in the Trenton AA. For this reason performance in the Trenton AA is stronger than the Mellon's overall investment performance level in New Jersey.

## **SERVICE TEST**

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

The bank's performance under the Service Test in New Jersey is rated Low Satisfactory. Based on the full-scope review, the bank's performance in Atlantic/Cape May AA is adequate.

### **Retail Banking Services**

Refer to Table 13 in the state of New Jersey 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.

Mellon's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA. Mellon operates four in-store supermarket banking offices. They are located in three middle-income and one upper-income census tract. With no low- or moderate-income located branches, the proportion of Mellon's branches in low- and moderate-income areas is less than the percentage of the population living in those geographies. Mellon also operates a total of 10 ATMs that provide an alternative delivery system. The ATMs are all located in middle or upper income areas.

Mellon did not open or close any branches in the AA during the evaluation period.

Mellon offers a broad range of banking services and delivery systems to its customers, such as internet banking, 24 hour toll-free telephone banking, and telephone customer service representation seven days a week. We did not give significant weight to these alternative delivery systems as data was not available from the bank on how low- and moderate-income individuals and geographies are impacted by these services.

### **Community Development Services**

Mellon helped with the development of the Vision 2000, Inc., in 1999. A community-and bank-organized loan fund for Atlantic City and Pleasantville, New Jersey. The fund provides technical assistance and micro loans for new or emerging small businesses in these two cities. Mellon serves on the Vision 2000 Loan Committee.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Trenton AA and the Vineland AA is not inconsistent with the bank's performance under the Service Test in New Jersey. Refer to Table 13 in the state of New Jersey section of Appendix D for the facts and data that support these conclusions.

## State Rating

**CRA Rating for Maryland:** Outstanding  
**The Lending Test is rated:** Outstanding  
**The Investment Test is rated:** Outstanding  
**The Service Test is rated:** Low Satisfactory

The major factors that support this rating include:

- An excellent geographic distribution of loans. Mellon's home purchase and home improvement loans reflect strong performance in lending to borrowers in moderate-income areas.
- Good overall performance in lending to borrowers of different income levels, including excellent level of performance for home purchase and home improvement lending.
- An excellent level of home mortgage and small loans to business activity.
- Loan products that are considered flexible. The bank's Neighborhood Mortgage Loan Program product had a positive impact on the bank's overall lending performance.
- A high level of community development investments in securities supporting local low- and moderate-income homebuyers.
- Satisfactory service delivery system and a good level of community development service support.

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

Mellon's two AAs in the state of Maryland are the Washington D.C. and Baltimore AAs. These areas consist of 330 census geographies with a population of 1.5 million as of the 1990 census.

Mellon's deposit base is not reflected in the FDIC branch deposit data for Maryland. However, bank management estimated its Maryland deposits to be approximately \$30 million. This would be less than .5 percent of Mellon's total deposit structure. It also would represent only a fractional share of the Maryland market. Over 190 FDIC-insured institutions compete within the two AAs.

Mellon sold its Maryland retail branch locations, retail loans and deposits to another financial institution in the third quarter of 1999, while retaining business banking and private banking functions. Mellon now focuses on these two lines of businesses and no longer offers full retail services to the general banking public. Facilities consist of two private banking and one business banking office. Although Mellon narrowed its customer base and focus it has continued to make its affordable home mortgage product, the NMLP available through certain channels.

Refer to the Market Profiles for the state of Maryland in Appendix C for detailed demographics and other performance context information for the AA that received a full-scope review.

## **Scope of Evaluation in Maryland**

As previously described, the sale of Mellon's retail operations significantly changed the bank's presence in Maryland. Mellon now operates two business-banking centers and one private banking location in the State. Our evaluation covers the entire evaluation period of lending, investment, and service activity.

The Washington D.C. AA was selected for a full-scope review as it represented the area in Maryland with the largest portion of Mellon's deposits and banking offices. The State's rating is based primarily on the review results of this AA. Our analysis of home mortgage lending activity placed the greatest weight on home purchase and improvement lending due to their overall volume and identification as a credit need.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Maryland is rated Outstanding. Based on the full-scope review, the Bank's performance in the Washington D.C. AA is excellent.

### **Lending Activity**

Refer to Table 1 in the state of Maryland section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Mellon's lending activity in the Washington D.C. AA is excellent. During the evaluation period Mellon originated and purchased over 1,200 loans totaling nearly \$150 million in the AA. Loan volume was nearly evenly split between home mortgages (51%) and small loans to businesses (48%). The home mortgages consisted of: 56 percent - home purchase, 18 percent - home improvement, and 26 percent - home refinance.

Mellon ranks an estimated thirty-fourth in the Washington D.C. AA for deposit market share with .14 percent as of June 30, 2000, FDIC Deposit Market Share information. Mellon's 1999 HMDA information for the AA places the bank eighty-fourth for home purchase market share (.35%), fourteenth for home improvement (2.13%), and one hundred and twenty-fifth for home refinance (.17%). Mellon is ranked seventeenth for small loans to businesses market share (1.13%) based on 1999 CRA aggregate data. Mellon's volume of small loans to businesses and home improvement loan volume is excellent. Home purchase and refinance lending, although not as strong, is good. Competition for home purchase and refinance lending is strong with over 400 institutions reporting HMDA loans made in the AA.

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

The overall geographic distribution of the bank's lending is excellent in the Washington D.C. AA.

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

Refer to Tables 2, 3, and 4 in the state of Maryland section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases. The overall distribution of home mortgage loans by geography is excellent.

Mellon's home improvement loans and home purchase loans each reflects an excellent level of distribution by income level. In moderate-income areas the percent of loans to borrowers residing in these tracts is significantly greater than the percentage of owner-occupied housing units. Market share in moderate-income areas was greater than the bank's overall market share for both products. No analysis was performed for low-income tracts, as the very low level of owner-occupied housing which would preclude a meaningful result.

The geographic distribution of home refinance loans is good. The proportion of refinance loans among moderate-income geographies nearly equaled the percentage of owner-occupied housing units in these geographies and slightly exceeded Mellon's overall market share.

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



Refer to Table 5 in the state of Maryland section of Appendix D for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good. The percentage of small loans to businesses in low-income geographies nearly equals the percentage of small businesses in these geographies. Market share in low-income geographies is lower than the bank's overall market share. In moderate-income geographies the percentage of loans made exceeds the percentage of small businesses located in these geographies. Mellon's market share in moderate-income tracts is also greater than Mellon's overall market share.

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

Small farm loans were not a product offered in this State.

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

Home mortgage and small business lending patterns were reviewed using mapping and other techniques for gaps in geographic lending. No significant or unexplained gaps were revealed.

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

Mellon originates a majority of home mortgage and small business loans within its AAs. We calculated the inside/outside ratio on a state and bank-wide basis using Mellon's home mortgage and small business loans. Lending activities by Mellon affiliates are excluded from this calculation. In Maryland, over 64 percent of Mellon's home mortgage loans and 94 percent of small loans to businesses were located within the Maryland AAs.

On a bank-wide basis, the inside/outside ratio is over 75percent for home mortgages, with 81 percent of home improvement, 73 percent of home purchase and 73 percent of home refinance loans within Mellon's AAs. The bank-wide inside ratio of small loans to businesses remained high at almost 95 percent.

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

The overall borrower distribution of the bank's lending is good in the Washington D.C. AA with excellent home purchase and home improvement distribution.

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

Refer to Tables 7, 8, and 9 in the state of Maryland section of Appendix D for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases. The overall distribution of home mortgage loans by

borrower income level is excellent. Our analysis placed more weight on home purchase and home improvement loans as they represent a majority of the home mortgages made and are more closely identified with the community's credit needs.

The distribution of home purchase loans by borrower income level is excellent. The percentage of home purchase loans among both low- and moderate-income borrowers significantly exceeded the percentage of low- and moderate-income families. Market share also exceeded the bank's overall market share.

The distribution of home improvement loans by borrower income level is good for low-income borrowers and excellent for moderate-income borrowers. The percentage of home improvement loans to low-income borrowers was less than the percentage of low-income families. Market share was also slightly lower. However, for moderate-income borrowers the bank's percentage of such loans was greater than the percentage of moderate-income families and market share for these loans significantly greater than the bank's overall market share.

The distribution of home mortgage refinance loans by borrower income level is poor. The percentage of home refinance loans to both low- and moderate-income borrowers was significantly less than the percentage of low- and moderate-income families. Market share was also lower than the bank's overall market share.

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

Refer to Table 10 in the state of Maryland section of Appendix D for the facts and 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 adequate. Mellon's percentage of bank loans to small businesses is significantly lower than the percentage of small businesses in the AA. However, the bank's percentage may be under-represented as Mellon did not collect revenue information on 43 percent of its small loans to businesses. Using only loans where revenue information was known, 57 percent were provided to businesses with revenue of \$1 million or less. While still less than the market demographics, this supports that the bank is lending to borrowers of different revenue size. Many of the loans without revenue information were made by Mellon's AFCO affiliate. It provides financing of insurance premiums and revenue information is not required for this form of financing. However most of these loans are small, in amounts of less than \$100,000. Altogether, over 90 percent of Mellon's small loans to businesses were for amounts of \$100,000 or less.

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

Small farm loans were not a product offered in this state.

## **Community Development Lending**

Refer to Table 1 in the state of Maryland section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

The bank's community development lending efforts had a neutral impact on the Lending Test rating for Maryland. The volume of community development lending within the AA was modest.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion. Mellon offers the Neighborhood Mortgage Loan Program (NMLP), a proprietary home purchase product made available to low- and moderate- income first-time homebuyers. In addition, Mellon offers the Neighborhood Home Improvement Loan (NHIL) program. Both of these products provide flexible underwriting and advantageous terms that are targeted toward low- and moderate-income borrower.

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

Based on the limited-scope review, the bank's performance under the Lending Test in the Baltimore AA is not inconsistent with the bank's outstanding performance under the Lending Test in Maryland. Refer to the Tables 1 through 11 in the state of Maryland section of Appendix D for the facts and data that support this conclusion.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Maryland is rated Outstanding. Based on the full-scope review, the bank's performance in Washington D.C. AA is excellent.

Refer to Table 12 in the state of Maryland section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Mellon has focused on supporting affordable home mortgage lending through investing in MBSs. These are investments where the underlying collateral is loans to low- and moderate- income households from the bank's AA. During the evaluation period, Mellon invested in 25 such pools for \$23 million. This is a high investment level in relation to the bank's overall presence in the AA. These types of investments are not innovative or complex in design.

### Conclusions for Area Receiving Limited-Scope Reviews

Based on the limited-scope review, the Bank's performance under the Investment Test in the Baltimore AA is not inconsistent with the bank's overall outstanding performance under the Investment Test in Maryland. Refer to the Tables 12 in the state of Maryland section of Appendix D for the facts and data that support this conclusion.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The Bank's performance under the Service Test in Maryland is rated Low Satisfactory. Based on the full-scope review, the bank's overall performance in the Washington D.C. AA is adequate.

### Retail Banking Services

Refer to Table 13 in the state of Maryland 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.

As previously described, in 1999 Mellon sold its consumer retail banking offices, deposits and loans. In the Washington D.C. AA Mellon now operates one Business Banking and one Private Banking Office located in middle and upper income geographies of the AA. These offices, which include ATMs, serve Mellon's targeted audience of business banking and private banking relationships. Mellon's former retail customers are now served by the acquiring institution. As a result, the change in Mellon's service delivery systems did not reduce consumer access to banking facilities or adversely impact the accessibility of banking delivery systems in the AA. During the evaluation period no low- or moderate-income area offices of Mellon were sold or

closed. Mellon also continues to make select products available in order to meet the area's credit needs. Using an alternative delivery system of working directly with private housing developers and local affordable housing advocacy groups, Mellon has continued to make home mortgages available to low- and moderate-income individuals. Based on the above assessments, Mellon's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area.

### **Community Development Services**

Mellon provides a good level of community development services to the AA in relation to its limited market presence and general strategic focus. Some of the community service efforts of Mellon employees include:

- Mellon officers participate in the bank's sponsorship of a financial literacy curriculum at Crossways Community. This is a shelter for disadvantaged low- and moderate-income single mothers in Montgomery County who often are in need of enhanced financial skills and knowledge.
- A Mellon officer serves on the Advisory Committee of the Rockville Housing Authority in Montgomery County. The Committee develops financial programs to assist low- and moderate-income residents in coping with welfare-to-work and self-sufficiency skills. The Bank also conducted several seminars at the Rockville Housing Authority dealing with topics such as family budgeting, credit awareness/repair and home buying information.
- A Mellon employee serves as Treasurer for the Montgomery County Banker's Small Business Development Loan Fund. A private, non-profit corporation in partnership with the Office of Economic Development, the Fund's purpose is to provide loans to small businesses that may not be able to obtain traditional financing.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Baltimore AA is not inconsistent with the bank's performance rating under the Service Test in Maryland. Refer to Table 13 in the state of Maryland section of Appendix D for the facts and data that support this conclusion.

## Appendix A: Scope of Evaluation

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): 01/01/98 to 12/31/00 Investment and Service Tests and CD Loans: 01/01/98 to 12/31/00	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Mellon Bank, N.A. (Mellon) Pittsburgh, Pennsylvania	Home Mortgage, Small Business & Community Development Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Mellon Mortgage Company Boston Safe Deposit & Trust Co. Mellon Bank (DE) Nat'l Assoc. Mellon Bank Community Development Corporation AFCO Credit Corporation Mellon Ventures, L.P. Mellon Leasing	Mortgage Co. Bank Bank  CDFI Credit Company SBIC Leasing Company	Home Mortgage Loans Home Mortgage Loans Home Mortgage and Small Business Loans Community Development Loans & Investments Small Business Loans Investments 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 (PA & NJ) MSA 6160  
Pittsburgh MSA 6280  
Harrisburg MSA 3240  
Atlantic/Cape May MSA 0560  
Washington DC MSA 3240

Full Scope  
Full Scope  
Full Scope  
Full Scope  
Full Scope

Altoona MSA 0280 Limited Scope  
Baltimore MSA 0720  
Erie MSA 2360  
Lancaster MSA 4000  
Newburgh MSA 5660  
Scranton/Wilkes-Barre MSA 7560  
Sharon MSA 7610 Limited Scope  
State College MSA 8050  
Trenton MSA 8480 Limited Scope  
Vineland MSA 8760  
Williamsport MSA 9140  
York MSA 9280  
PA Non-Metropolitan 9999

Limited Scope  
Limited Scope  
Limited Scope  
Limited Scope  
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Limited Scope  
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Limited Scope  
Limited Scope

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

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RATINGS for Mellon Bank, N.A.				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
Mellon Bank, N.A.	Outstanding	Outstanding	High Satisfactory	Outstanding
Multistate Metropolitan Area or State:				
Philadelphia (PA-NJ) MSA 6160	Outstanding	Outstanding	High Satisfactory	Outstanding
State of Pennsylvania	Outstanding	Outstanding	High Satisfactory	Outstanding
State of New Jersey	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
State of Maryland	Outstanding	Outstanding	Low Satisfactory	Outstanding

(\*) The Lending Test is weighted more heavily than the Investment and Service Test in the overall rating.

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

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#### Market Profiles for Areas Receiving Full-Scope Reviews

Philadelphia (PA-NJ) MSA 6160 .....	C-2
Pittsburgh MSA 6280.....	C-4
Harrisburg MSA 3240 .....	C-6
Atlantic/Cape May MSA 0560.....	C-8
Washington MSA 8840.....	C-10



## Assessment Area: Philadelphia (PA-NJ) MSA 6160

Demographic Information for Full-Scope Area: Philadelphia (PA-NJ) MSA 6160						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,254	8.13%	15.55%	44.42%	29.11%	2.79%
Population by Geography	4,856,881	8.51%	17.02%	45.28%	28.84%	0.35%
Owner-Occupied Housing by Geography	1,237,484	5.31%	15.56%	46.99%	32.14%	0.00%
Businesses by Geography	183,506	5.08%	10.75%	43.56%	39.91%	0.70%
Farms by Geography	4,363	0.85%	3.92%	50.31%	44.85%	0.07%
Family Distribution by Income Level	1,250,375	19.70%	17.68%	23.76%	38.86%	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	467,427	15.66%	26.33%	44.33%	13.68%	0.00%
Median Family Income	= \$43,976	Median Housing Value		= \$107,892		
HUD Adjusted Median Family Income for 2000	= \$57,800	Unemployment Rate		= 2.92%		
Households Below the Poverty Level	= 10.28%					

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

Source: 1990 U.S. Census, and 2000 HUD updated MFI.

The Philadelphia (PA-NJ) MSA consists of one AA comprising the entire geographic areas of eight of the nine counties within the two-state MSA. Salem County, New Jersey, is omitted, as Mellon does not have a branch in that county. The AA contains 36 percent of Mellon's total deposits, its second largest source of deposits behind Pittsburgh. Mellon operates 135 banking offices and 249 ATMs within the AA. During the evaluation period 34 percent of the reportable loans for Mellon came from the Philadelphia AA.

Major bank competitors in the AA include First Union, PNC Bank, Sovereign and Commerce Bank as well as numerous small banks, credit unions, and other lenders. Mellon's 1999 home mortgage market share rank among all reporting lenders is 15<sup>th</sup> (of 755 lenders) with a 1.4 percent share. For small business lending, Mellon's 1999 rank was 8<sup>th</sup> (of 201 lenders) with a 3.3 percent market share. Three large national lenders have 50 percent of the small business market.

Early Census 2000 statistics indicate a 4 percent population decline in Philadelphia while several of its suburban counties posted double-digit increases. Issues affecting Philadelphia include the loss of good paying jobs and the need to create sufficient, livable housing units. Approximately 55 percent (72,000) of the AA's vacant housing units, as well as 63 percent of households below the poverty level, are located in the City of Philadelphia.

The Federal Reserve Bank of Philadelphia reported employment growth during the

last year was at 0.2 percent and the overall unemployment picture is better than it was five years ago when it ranged between 4.3 to 5.8 percent.

Despite relatively good unemployment numbers, the slowing pace of economic growth has been marked by some decline in employment within the manufacturing sector with the demand for business lending also slowing. Long term economic stability in the downtown, urban areas of the AA has been enhanced with the completion of the convention center along with new hotel and office space. Unified planning by both Pennsylvania and New Jersey to redevelop the Delaware River waterfront is proceeding.

We reviewed information provided by nineteen community contacts made in the AA during the last three years. These were contacts made by the OCC and other regulatory agencies. Affordable housing needs are a top concern, including more purchase and rehabilitation financing. Also noted was the need for financial support services such as credit counseling, loan application assistance, and money management to help stem the use of predatory lending. Low-cost deposit accounts and branches in LMI areas with late drive-through hours were also suggested to help reduce reliance on uninsured check cashing companies.

## State of Pennsylvania Full-Scope Areas

### Assessment Area: Pittsburgh MSA 6280

Demographic Information for Full-Scope Area: Pittsburgh MSA 6280						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	748	4.95%	22.59%	46.26%	20.32%	5.88%
Population by Geography	2,249,460	3.03%	17.51%	53.30%	25.96%	0.19%
Owner-Occupied Housing by Geography	622,597	1.37%	15.07%	56.33%	27.23%	0.00%
Businesses by Geography	85,201	3.05%	19.80%	44.78%	30.46%	1.91%
Farms by Geography	2,289	0.35%	12.54%	65.36%	21.58%	0.17%
Family Distribution by Income Level	618,183	18.68%	18.03%	22.80%	40.48%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	226,963	6.01%	25.83%	55.50%	12.66%	0.00%
Median Family Income	= \$35,121	Median Housing Value				= \$58,590
HUD Adjusted Median Family Income for 2000	= \$44,600	Unemployment Rate				= 3.12%
Households Below the Poverty Level	= 12.21%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2000 HUD updated MFI.

The Pittsburgh MSA consists of one AA comprising the entire geographic areas of five counties: Allegheny; Beaver; Butler; Washington; and Westmoreland. Fayette County is omitted, as Mellon does not have a branch in that county. This AA contains approximately 50 percent of Mellon's total deposits and is its largest deposit market. Mellon operates 115 banking offices and 217 ATMs within the AA. The AA also has 30 percent of Mellon's loans made during the evaluation period.

The Bank has a 24 percent deposit market share in this AA ranking it second behind PNC Bank, NA. National City Bank of Pennsylvania is the third major financial institution in the AA along with a number of second tier competitors.

Mellon's 1999 home mortgage market share rank was 4<sup>th</sup> (of 499 reporting lenders), with a 3.6 percent share. The market is competitive; the top lender has a market share of 6.6 percent.

For small business lending, Mellon's 1999 rank was 6<sup>th</sup> (of 126 reporting lenders), with a 5.74 percent share. Three of the lenders with a market share greater than Mellon are nationwide credit card lenders. They generated 40 percent of the number of reported small loans to businesses in the AA but only 4 percent of the dollar amount granted. Mellon's market share on a dollar basis for 1999 was 13.9 percent.

Economic conditions have been stable. Suburban areas are experiencing some growth but the city's population has declined steadily over the past forty years. A significant

portion of the population is elderly (17 percent is aged 65 or older), and much of the housing stock is aged (median year built for homes is 1953). Redevelopment of several of Pittsburgh's old industrial steel and manufacturing areas is now beginning to occur.

We reviewed information provided by twelve community contacts made in the AA during the last three years. These were contacts made by the OCC and other regulatory agencies. Feedback included the need for more affordable purchase and rehabilitation loans with flexible underwriting standards, especially in low- and moderate-income areas. Other concerns related to predatory lending and the need for financial institutions to serve the communities instead of subprime lenders. Private/public partnerships were also viewed as needed to enhance business and economic development growth.

## State of Pennsylvania Full-Scope Areas

### Assessment Area: Harrisburg MSA 3240

Demographic Information for Full-Scope Area: Harrisburg MSA 3240						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	89	4.49%	15.73%	64.04%	15.73%	0.00%
Population by Geography	433,070	3.63%	8.66%	62.56%	25.15%	0.00%
Owner-Occupied Housing by Geography	113,417	1.64%	5.95%	64.74%	27.67%	0.00%
Businesses by Geography	19,064	1.81%	13.98%	60.36%	23.85%	0.00%
Farms by Geography	918	0.22%	6.54%	74.84%	18.41%	0.00%
Family Distribution by Income Level	115,976	14.80%	17.87%	27.61%	39.71%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	37,891	6.77%	13.45%	64.02%	15.76%	0.00%
Median Family Income	= \$39,149	Median Housing Value				= \$74,911
HUD Adjusted Median Family Income for 2000	= \$50,300	Unemployment Rate				= 2.04%
Households Below the Poverty Level	= 8.12%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2000 HUD updated MFI.

The Harrisburg MSA consists of one AA comprising the entire geographic areas of two counties: Cumberland and Dauphin. The counties of Lebanon and Perry are omitted, as Mellon does not have a branch in those counties. This AA contains approximately three percent of Mellon's total deposits. From a deposit standpoint it is Mellon's fourth largest market. Mellon operates 15 banking offices and 16 ATMs within the AA. The AA also has 4% percent of Mellon's loans made during the evaluation period.

The bank has a 7 percent deposit market share ranking it 5<sup>th</sup> in the AA. Major bank competitors in the AA are Allfirst Bank, Harris Savings Bank, PNC Bank National Association, First Union National Bank and Keystone Financial Bank National Association.

Mellon's 1999 home mortgage market share rank among all reporting lenders is 13<sup>th</sup> (of 358) with a 2 percent market share. The market is heavily banked with the leader, Harris Savings, having less than 6 percent of the market. For small business lending, Mellon ranks 8<sup>th</sup> (of 69) with a 4.3 percent market share. Several large national lenders (principally credit card operators) have 44 percent of the market.

Growth in the AA has come from a number of private employers and is decentralized from the key city, Harrisburg, which itself enjoys steady employment due to its designation as the Capital of Pennsylvania. With no large metropolitan area dominant, the AA's population is distributed in small towns, suburban and rural locations. The

healthy economy is reflected in relatively low levels of poverty.

We reviewed information provided by six community contacts made in the AA during the last three years. These were contacts made by the OCC and other regulatory agencies. Affordable housing was listed as an issue and the need for financial institutions to offer purchase/home improvement loans with flexible underwriting. The need for low cost-deposit services was also voiced.

## State of New Jersey Full-Scope Areas

### Assessment Area: Atlantic/Cape May MSA 0560

Demographic Information for Full-Scope Area: Atlantic/Cape May MSA 0560						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	94	4.26%	19.15%	56.38%	17.02%	3.19%
Population by Geography	319,416	3.24%	16.36%	63.56%	16.83%	0.01%
Owner-Occupied Housing by Geography	82,274	0.75%	13.64%	65.06%	20.55%	0.00%
Businesses by Geography	15,624	1.03%	18.16%	62.75%	17.92%	0.13%
Farms by Geography	453	0.22%	8.17%	75.50%	16.11%	0.00%
Family Distribution by Income Level	83,111	18.11%	19.24%	24.17%	38.48%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	31,042	5.07%	23.00%	61.63%	10.30%	0.00%
Median Family Income	= \$39,514	Median Housing Value				= \$123,890
HUD Adjusted Median Family Income for 2000	= \$49,500	Unemployment Rate				= 3.13%
Households Below the Poverty Level	= 9.41%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2000 HUD updated MFI.

The Atlantic/Cape May MSA consists of one AA comprising the entire geographic area of two New Jersey counties – Atlantic and Cape May. The AA provides only .12 percent of Mellon’s total deposits. Mellon operates 4 banking offices within the AA.

The Bank has a .6 percent deposit market share in this AA ranking it 15<sup>th</sup> out of 20 financial institutions. Mellon is a relatively new entrant in this market and competition comes from both large-regional and small-local banking companies.

Mellon’s 1999 home mortgage market share rank among all HMDA reporting lenders is 61<sup>st</sup> (of 435) with a .4 percent share of the market. Two out-of-state lenders account for over 50% of small loans to businesses.

The area is diverse and includes numerous resort towns and small, rural locations dispersed along coastal and inland waterways. A high percentage of housing units are second homes or vacation-rentals.

We reviewed information provided by one community contact made in the AA. This was a contact made by another regulatory agency. Feedback included concern about the relatively high rental rates and home purchase costs. The contact noted that local housing revenue bonds could be purchased to help support

affordable housing loan programs. Also noted was the need for better promotion of

small business loan programs and counseling to borrowers.



## State of Maryland Full-Scope Areas

### Assessment Area: Washington MSA 8840

Demographic Information for Full-Scope Area: Washington MSA 8840						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	248	0.81%	19.76%	46.77%	32.26%	0.40%
Population by Geography	1,100,579	0.19%	20.78%	45.43%	33.61%	0.00%
Owner-Occupied Housing by Geography	259,881	0.01%	11.04%	47.26%	41.70%	0.00%
Businesses by Geography	48,616	2.34%	19.76%	44.59%	33.31%	0.00%
Farms by Geography	937	0.21%	10.46%	46.85%	42.48%	0.00%
Family Distribution by Income Level	200,522	13.69%	17.82%	24.73%	43.76%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	90,487	0.39%	35.65%	47.44%	16.51%	0.00%
Median Family Income	= \$60,994	Median Housing Value				= \$186,945
HUD Adjusted Median Family Income for 2000	= \$82,800	Unemployment Rate				= 1.86%
Households Below the Poverty Level	= 4.27%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2000 HUD updated MFI.

The Washington MSA consists of one AA comprising the entire geographic area Montgomery County and a portion of Prince George's County. This AA contains an estimated 0.2 percent of Mellon's total deposits. Mellon's market share of deposits in the AA is extremely small at an estimated 0.14 percent.

Mellon does not operate traditional retail branches in the AA, but instead has one business banking office, one private banking office, and two ATMs. Since mid-1999, the Bank has used a niche market strategy of targeting small to mid-sized businesses and affluent individuals as its customer base. While not competing for retail home mortgage credit, Mellon recognizes the need for affordable housing in this high-cost AA. Accordingly, along with its targeted small business loan products, Mellon also provides affordable home purchase mortgages.

Mellon's 1999 market share among all HMDA reporting lenders is 88<sup>th</sup> with a .3 percent share of the market. Because of the large geographic and metropolitan nature of the Washington CMSA in which Mellon's AA is located, a significant number of lenders, over 400, granted home mortgages in this marketplace.

Because the federal, state and local government are the main source of employment, the AA enjoys a stable economy and employment base. In addition, many private high-tech, health care and financial service organizations are located in the I-279 corridor running the length of Montgomery County.

Montgomery County requires housing developers to set-aside a portion of their units as affordable housing. Mellon in-turn works with developers to direct place low- or moderate-income borrowers into the bank's affordable mortgage product.

We reviewed information provided by two community contacts made in the AA during the last three years. These were contacts made by other regulatory agencies. Feedback included concern about the relatively high rental rates and home purchase costs. A contact also noted that local government housing revenue bonds can be purchased to help support affordable housing loan programs. Also noted was the need for better promotion of small business loan programs and counseling to borrowers.

## Appendix D: Tables of Performance Data

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**Tables of Performance Data**

Philadelphia (PA-NJ) Multi-state MSA ..... D-4  
State of Pennsylvania..... D-11  
State of New Jersey ..... D-24  
State of Maryland ..... D-32

## 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 Mellon 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: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area.

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 MSA/assessment area.
- 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 rank and 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 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - This table is not applicable to the performance analysis of this institution.

- Table 7. 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 7.
- Table 10. 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 11. This table has been omitted, as “Borrower Distribution of Small Loans to Farms” is not meaningful to the performance analysis of this institution.**
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		State: <b>Multistate MSA</b>				Evaluation Period: <b>01/01/98 to 12/31/00</b>						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Philadelphia ( PA&NJ)	100.00	9,543	640,085	4,813	456,729	1	75	90	29,243	14,447	1,123,393	100.00
Limited-Review:												
None												

(\*) Rated area refers to either the state or multistate MSA rating area.  
 (\*\*) The evaluation period for Community Development Loans is 1/1/98 - 12/31/2000  
 (\*\*\*) Deposit data as of 1999. Rated area refers to either the state or multistate MSA rating area.

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

Geographic Distribution: HOME PURCHASE		State: <b>Multistate MSA</b>				Evaluation Period: : <b>01/01/98 to 12/31/00</b>									
MSA/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	Overall	Low	Mod	Mid	Upp
Full-Review:															
Philadelphia ( PA&NJ)	1,465	100.00	5.31	9.15	15.56	23.41	46.99	36.93	32.14	30.51	0.51	2.38	1.20	0.43	0.34
Limited-Review:															
None															

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Geographic Distribution: HOME IMPROVEMENT												State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/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	Overall	Low	Mod	Mid	Upp			
Philadelphia ( PA&NJ)	3,292	100.0	5.31	8.17	15.56	20.99	46.99	36.76	32.14	34.02	4.15	9.48	7.85	2.98	3.81			
Limited-Review:																		
None																		

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Geographic Distribution: HOME MORTGAGE REFINANCE												State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Home 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	Overall	Low	Mod	Mid	Upp			
Philadelphia ( PA&NJ)	4,786	100.00	5.31	2.32	15.56	10.74	46.99	43.84	32.14	43.02	1.76	0.75	1.43	1.66	2.07			
Full-Review:																		
Limited-Review:																		
None																		

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES											State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***						
	#	% of Total*	% of Businessess**	% BANK Loans	% of Businessess**	% BANK Loans	% of Businessess**	% BANK Loans	% of Businessess**	% BANK Loans	Overall	Low	Mod	Mid	Upp		
Full-Review:																	
Philadelphia ( PA&NJ)	4,813	100.00	5.12	7.17	10.82	11.39	43.86	39.12	40.80	41.14	3.23	8.27	4.91	2.93	2.88		
Limited-Review:																	
None																	

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

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

Geographic Distribution: SMALL LOANS TO FARMS											State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/30/00</b>				
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***						
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp		
Full-Review:																	
<b>(NOT APPLICABLE)</b>																	
Limited-Review:																	

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only



**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>											
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:															
Philadelphia ( PA&NJ)	1,465	100.00	19.70	35.09	17.68	44.91	23.76	3.00	38.86	16.93	0.51	2.24	1.21	0.03	0.26
Limited-Review:															
None															

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Borrower Distribution: HOME IMPROVEMENT		State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>											
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:															
Philadelphia ( PA&NJ)	3,292	100.00	19.70	21.42	17.68	20.32	23.76	22.57	38.86	35.48	4.15	6.95	4.74	3.71	3.49
Limited-Review:															
None															

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for .2% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE State: <b>Multistate MSA</b> Evaluation Period: <b>01/01/98 to 12/31/00</b>															
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:															
Philadelphia ( PA&NJ)	4,786	100	19.70	9.26	17.68	17.24	23.76	26.18	38.86	47.30	1.76	1.89	1.87	2.38	2.49
Limited-Review:															
None															

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES State: <b>Multistate MSA</b> Evaluation Period: <b>1/1/98 to 12/31/00</b>									
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		% Distribution of Loans by Original Amount Regardless of Business Size			Market Share****	
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Philadelphia ( PA&NJ)	4,813	100.00	85.12	38.40	76.37	14.34	9.29	3.23	2.28
Limited-Review:									
None									

(\*) Small loans to businesses originated and purchased in the MSA/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.  
 (\*\*\*) 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 34% of small loans to businesses originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

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

Borrower Distribution: SMALL LOANS TO FARMS		State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>					
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 Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	
Full-Review:									
<b>(NOT APPLICABLE)</b>									
Limited-Review:									

- (\*) Small loans to farms originated and purchased in the MSA/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 businesses.
- (\*\*\*) 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 [Percent] of small loans to businesses originated and purchased by the bank.
- (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: <b>Multistate MSA</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>						
MA/Assessment Areas:		Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:										
Philadelphia ( PA&NJ)		8	4,983	201	67,299	209	69,282	100.0	3	2,544
Limited-Review:										
None										

- (\*) "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.
- (\*\*) "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								State: Multistate MSA		Evaluation Period: 01/01/98 to 12/31/00							
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches (%) by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Philadelphia ( PA&NJ)	100.00	135	100.00	5.18	11.11	45.19	38.52	23	11	0	0	-5	-7	8.51	17.02	45.26	28.84
Limited-Review:																	
None																	

**Table 1. Lending Volume**

LENDING VOLUME		State: <b>Pennsylvania</b>				Evaluation Period: <b>01/01/98 to 12/31/00</b>						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Pittsburgh - 6280	49.5	9,157	517,300	3,453	449,011	0	0	103	52,179	12,713	1,018,490	79.21
Harrisburg - 3240	7.0	1,251	73,330	535	56,524	0	0	23	10,150	1,809	140,004	4.05
Limited-Review:												
Altoona – 0280	3.8	645	23,238	313	40,846	0	0	23	6,726	981	70,810	1.18
Erie, PA - 2360	6.7	1,209	58,810	487	67,032	1	250	26	6,568	1,723	132,660	1.86
Lancaster - 4000	3.6	446	25,978	471	62,714	4	386	5	635	926	89,713	1.46
Newburgh - 5660	1.2	251	13,781	56	3,603	0	0	0	0	307	17,384	.38
Scranton/Wilkes-Barre - 7560	8.7	1,397	73,926	818	82,117	0	0	11	6,427	2,226	162,470	4.56
Sharon - 7610	2.4	509	25,580	91	11,071	0	0	6	1,222	606	37,873	.80
State College - 8050	2.3	329	21,220	240	36,044	1	75	16	1,142	586	58,481	2.12
Williamsport - 9140	.2	35	1,576	27	2,062	0	0	1	40	63	3,678	n/a
York - 9280	4.4	768	48,109	367	43,405	3	500	1	11	1,139	92,025	1.10
PA Non-MSA - 9999	10.2	1,795	84,992	809	87,395	1	35	15	2,851	2,620	175,273	3.27

(\*) Rated area refers to either the state or multistate MSA rating area

(\*\*) The evaluation period for Community Development Loans is 01/01/98 to 12/31/00.

(\*\*\*) Deposit data as of 6/30/2000. Rated area refers to either the state or multistate MSA rating area.

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

Geographic Distribution: HOME PURCHASE												State: <b>Pennsylvania</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Pittsburgh – 6280	530	44.1	1.37	2.64	15.07	20.19	56.33	40.38	27.23	36.60	0.49	1.63	0.88	0.40	0.47			
Harrisburg – 3240	353	29.4	1.64	2.27	5.95	5.95	64.74	59.21	27.67	32.58	1.40	2.22	2.42	1.25	1.48			
Limited-Review:																		
Altoona – 0280	18	1.5	0.41	0.00	9.66	38.89	77.76	50.00	12.17	11.11	0.23	0.00	0.00	0.30	0.00			
Erie, PA – 2360	37	3.1	2.11	0.00	10.00	16.22	67.68	59.46	20.22	24.32	0.27	0.00	0.00	0.30	0.29			
Lancaster – 4000	57	4.7	0.62	0.00	5.99	10.53	83.56	78.95	9.84	10.53	0.19	0.00	0.00	0.19	0.32			
Newburgh – 5660	8	0.7	0.00	0.00	26.97	12.50	73.03	87.50	0.00	0.00	0.23	0.00	0.37	0.19	0.00			
Scranton/Wilkes-Barre – 7560	36	3.0	0.02	0.00	7.06	0.00	77.08	75.00	15.85	25.00	0.09	0.00	0.00	0.10	0.07			
Sharon – 7610	33	2.8	2.37	3.03	5.93	15.15	86.68	78.79	5.03	3.03	0.97	0.00	3.13	0.83	1.12			
State College – 8050	7	0.6	0.16	0.00	12.09	42.86	54.09	42.86	33.66	14.29	0.00	0.00	0.00	0.00	0.00			
Williamsport – 9140	0	0	0.00	0.00	4.54	0.00	83.76	0.00	11.70	00.0	0.00	0.00	0.00	0.00	0.00			
York – 9280	73	.61	1.22	0.00	6.15	4.11	86.18	95.89	6.45	00.0	0.36	0.00	0.42	0.40	0.00			
PA Non-MSA – 9999	50	4.2	0.00	0.00	5.57	10.00	76.66	68.00	17.76	22.00	0.24	0.00	0.56	0.25	0.18			

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Geographic Distribution: HOME IMPROVEMENT												State: <b>Pennsylvania</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>		
MSA/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	Overall	Low	Mod	Mid	Upp	
Full-Review:																
Pittsburgh – 6280	3,066	56.8	1.37	1.89	15.07	25.02	56.33	40.90	27.23	32.16	9.42	16.96	17.38	6.11	10.47	
Harrisburg – 3240	232	4.3	1.64	0.43	5.95	7.33	64.74	56.47	27.67	35.78	2.58	0.00	3.40	2.42	2.88	
Limited-Review:																
Altoona – 0280	301	5.6	0.41	0.33	9.66	16.61	77.76	69.44	12.17	13.62	9.56	0.00	14.56	8.63	10.66	
Erie, PA – 2360	350	6.5	2.11	2.00	10.00	15.71	67.68	63.71	20.22	18.57	8.62	22.22	9.25	8.49	7.34	
Lancaster – 4000	115	2.1	0.62	2.61	5.99	6.69	83.56	71.30	9.84	19.13	1.64	7.41	4.27	1.29	2.79	
Newburgh – 5660	60	1.1	0.00	0.00	26.97	6.67	73.03	93.33	0.00	0.00	7.75	0.00	1.41	10.16	0.00	
Scranton/Wilkes-Barre – 7560	395	7.3	0.02	0.00	7.06	11.39	77.08	67.34	15.85	21.27	4.35	0.00	7.66	3.93	4.62	
Sharon – 7610	115	2.1	2.37	0.87	5.93	3.48	86.68	85.22	5.03	10.43	5.11	6.25	2.44	4.93	12.12	
State College – 8050	98	1.8	0.16	2.04	12.09	5.10	54.09	51.02	33.66	41.84	4.82	0.00	4.41	3.92	7.23	
Williamsport – 9140	4	.1	0.00	0.00	4.54	0.00	83.76	100.00	11.70	0.00	0.09	0.00	0.10	0.00	0.00	
York – 9280	139	2.6	1.22	0.00	6.15	1.44	86.18	86.33	6.45	12.23	2.43	0.00	0.00	2.42	4.51	
PA Non-MSA – 9999	521	9.7	0.00	0.00	5.57	17.85	76.66	63.15	17.76	19.00	5.95	0.00	18.61	4.29	6.49	

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Geographic Distribution: HOME MORTGAGE REFINANCE												State: <b>Pennsylvania</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Home 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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Pittsburgh – 6280	5,559	49.7	1.37	0.59	15.07	9.71	56.33	53.09	27.23	36.57	4.59	3.08	3.16	4.43	5.64			
Harrisburg – 3240	664	5.9	1.64	1.05	5.95	4.37	64.74	59.49	27.67	35.09	2.28	0.98	0.62	2.32	2.67			
Limited-Review:																		
Altoona – 0280	325	2.9	0.41	0.00	9.66	6.77	77.76	73.54	12.17	19.69	4.99	0.00	4.74	4.53	7.79			
Erie, PA – 2360	821	7.3	2.11	1.34	10.00	7.67	67.68	70.40	20.22	20.58	5.97	2.17	5.56	6.54	4.97			
Lancaster – 4000	272	2.4	0.62	0.37	5.99	4.78	83.56	77.57	9.84	17.28	1.32	0.00	1.08	1.23	2.29			
Newburgh – 5660	183	1.6	0.00	0.00	26.97	17.49	73.03	82.51	0.00	0.00	3.75	0.00	1.74	4.29	0.00			
Scranton/Wilkes-Barre – 7560	966	8.6	0.02	0.00	7.06	5.80	77.08	72.05	15.85	22.15	3.35	0.00	2.41	3.26	4.02			
Sharon – 7610	361	3.2	2.37	0.28	5.93	2.77	86.68	87.53	5.03	9.42	5.11	0.00	1.27	5.41	8.04			
State College – 8050	223	2.0	0.16	0.45	12.09	5.38	54.09	56.50	33.66	37.22	2.76	6.25	1.34	2.49	3.56			
Williamsport – 9140	31	0.3	0.00	0.00	4.54	0.00	83.76	83.87	11.70	16.13	0.75	0.00	0.00	0.70	1.31			
York – 9280	556	5.0	1.22	0.36	6.15	2.16	86.18	86.69	6.45	10.79	2.24	0.00	1.64	2.25	2.74			
PA Non-MSA – 9999	1,224	10.9	0.00	0.00	5.57	4.82	76.66	69.61	17.76	25.57	4.03	0.00	4.66	4.06	3.84			

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.



**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												State: <b>Pennsylvania</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***							
	#	% of Total*	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Pittsburgh – 6280	3,453	45.0	3.11	2.69	20.19	20.53	45.65	42.40	31.05	31.83	5.74	8.50	8.25	5.25	5.44			
Harrisburg – 3240	535	7.0	1.81	2.43	13.98	13.64	60.36	52.90	23.85	31.03	4.25	12.86	6.44	3.72	4.32			
Limited-Review:																		
Altoona – 0280	313	4.1	5.05	5.75	11.56	6.39	70.76	74.12	12.63	13.74	8.91	15.25	9.09	8.51	10.53			
Erie, PA – 2360	487	6.4	9.98	13.76	12.64	10.06	59.82	57.91	17.56	18.28	7.98	10.58	6.42	7.93	8.42			
Lancaster – 4000	471	6.1	0.63	0.42	9.25	11.68	79.97	71.13	10.15	16.77	2.76	3.13	5.19	2.38	4.58			
Newburgh – 5660	56	0.7	0.00	0.00	15.73	5.36	84.27	94.64	0.00	0.00	4.65	0.00	2.22	5.51	0.00			
Scranton/Wilkes-Barre – 7560	818	10.7	3.93	3.55	12.22	9.66	67.50	65.40	16.35	21.39	4.75	5.95	5.66	4.51	5.24			
Sharon – 7610	91	1.2	6.93	0.00	6.75	2.20	77.22	89.01	9.10	8.79	3.27	0.00	1.75	3.48	5.26			
State College – 8050	240	3.1	12.78	22.92	12.49	6.67	42.14	29.58	32.58	40.42	6.63	16.44	0.56	4.94	8.12			
Williamsport – 9140	27	0.4	0.00	0.00	18.77	18.52	67.15	66.67	14.08	14.81	1.02	0.00	1.02	1.07	0.88			
York – 9280	367	4.8	4.95	9.81	10.19	8.99	78.13	70.30	6.73	10.90	3.94	11.02	3.66	3.73	3.49			
PA Non-MSA – 9999	809	10.6	0.00	0.00	13.13	14.09	64.38	56.24	22.48	29.67	5.15	0.00	7.54	4.84	6.22			

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

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

Geographic Distribution: SMALL LOANS TO FARMS												State: <b>Pennsylvania</b>		Evaluation Period: <b>01/01/98 to 12/30/00</b>				
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***							
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
<b>(NOT APPLICABLE)</b>																		
Limited-Review:																		

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		State: Pennsylvania		Evaluation Period: 01/01/98 to 12/31/00											
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families**	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:															
Pittsburgh – 6280	530	44.1	18.68	16.23	18.03	30.19	22.80	16.60	40.48	33.40	0.49	1.37	0.80	0.42	0.42
Harrisburg – 3240	353	29.4	14.80	32.86	17.87	32.86	27.61	32.86	39.71	32.86	1.40	6.55	4.07	0.13	0.00
Limited-Review:															
Altoona – 0280	18	1.5	19.00	16.67	18.60	72.22	24.80	5.56	37.50	5.56	0.23	0.00	1.11	0.00	0.00
Erie, PA – 2360	37	3.1	18.80	29.73	18.20	54.05	24.90	8.11	38.10	8.11	0.27	0.90	0.60	0.10	0.12
Lancaster – 4000	57	4.7	15.30	33.33	19.20	56.14	28.90	3.51	36.60	7.02	0.19	0.77	0.43	0.09	0.08
Newburgh – 5660	8	.7	25.80	12.50	24.00	87.50	27.20	0.00	23.00	0.00	0.23	1.22	0.66	0.00	0.00
Scranton/Wilkes-Barre – 7560	36	3.0	18.70	16.67	18.50	83.33	24.30	0.00	38.50	0.00	0.09	0.22	0.35	0.00	0.00
Sharon – 7610	33	2.8	17.50	27.27	19.60	45.45	25.20	21.21	37.80	6.06	0.97	4.95	2.40	0.86	0.16
State College – 8050	7	0.6	17.00	14.29	20.30	71.43	23.70	0.00	39.00	14.29	0.00	0.00	0.00	0.00	0.00
Williamsport – 9140	0	0	17.40	0.00	19.30	0.00	25.80	0.00	37.40	0.00	0.00	0.00	0.00	0.00	0.00
York – 9280	73	6.1	15.30	19.18	19.50	75.34	28.70	4.11	36.40	1.37	0.36	1.14	1.15	0.05	0.04
PA Non-MSA – 9999	50	4.2	16.20	14.00	18.90	58.00	24.30	18.00	40.60	10.00	0.24	1.64	1.13	0.11	0.03

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0.8% of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Borrower Distribution: HOME IMPROVEMENT		State: <b>Pennsylvania</b>					Evaluation Period: <b>01/01/98 to 12/31/00</b>					Market Share (%) by Borrower Income****				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total*	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families**	% BANK Loans***						
Full-Review:																
Pittsburgh – 6280	3,066	56.8	18.68	10.18	18.03	17.29	22.80	22.60	40.48	49.84	9.42	9.51	9.75	8.50	10.20	
Harrisburg – 3240	232	4.3	14.80	5.60	17.87	15.95	27.61	25.86	39.71	52.59	2.58	1.71	1.37	3.43	2.87	
Altoona – 0280	301	5.6	19.00	7.64	18.60	17.94	24.80	25.25	37.50	48.84	9.56	10.53	10.53	9.30	9.42	
Erie, PA – 2360	350	6.5	18.80	10.00	18.20	18.57	24.90	26.29	38.10	45.14	8.62	10.77	9.27	8.90	7.86	
Lancaster – 4000	115	2.1	15.30	11.30	19.20	20.87	28.90	23.48	36.60	44.35	1.64	2.04	1.92	1.23	1.83	
Newburgh – 5660	60	1.1	25.80	10.00	24.00	18.33	27.20	33.33	23.00	38.33	7.75	0.00	3.23	11.69	10.00	
Scranton/Wilkes-Barre – 7560	395	7.3	18.70	9.37	18.50	16.96	24.30	25.32	38.50	47.59	4.35	4.53	4.04	4.00	4.65	
Sharon – 7610	115	2.1	17.50	2.61	19.60	9.57	25.20	31.30	37.80	55.65	5.11	1.28	2.46	5.83	6.55	
State College – 8050	98	1.8	17.00	3.06	20.30	13.27	23.70	19.39	39.00	64.29	4.82	0.00	3.77	4.00	6.14	
Williamsport – 9140	4	.1	17.40	0.00	19.30	25.00	25.80	50.00	37.40	25.00	0.09	0.00	0.00	0.00	0.21	
York – 9280	139	2.6	15.30	2.88	19.50	21.58	28.70	30.22	36.40	45.32	2.43	0.51	2.27	2.02	3.42	
PA Non-MSA – 9999	521	9.7	16.20	5.95	18.90	17.08	24.30	23.80	40.60	52.78	5.95	4.74	6.48	4.90	6.83	

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0.2% of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE State: <b>Pennsylvania</b> Evaluation Period: <b>01/01/98 to 12/31/00</b>															
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:															
Pittsburgh – 6280	5,559	49.7	18.68	4.03	18.03	14.52	22.80	24.45	40.48	56.95	4.59	2.94	4.68	5.12	6.38
Harrisburg – 3240	664	5.9	14.80	3.92	17.87	15.51	27.61	24.85	39.71	55.72	2.28	1.05	2.15	2.54	3.41
Limited-Review:															
Altoona – 0280	325	2.9	19.00	5.23	18.60	12.31	24.80	33.85	37.50	48.62	4.99	5.37	3.80	8.52	4.80
Erie, PA – 2360	821	7.3	18.80	3.53	18.20	14.25	24.90	24.12	38.10	57.98	5.97	3.35	5.77	5.39	8.47
Lancaster – 4000	272	2.4	15.30	4.41	19.20	15.44	28.90	33.46	26.60	46.69	1.32	0.80	1.46	2.07	1.38
Newburgh – 5660	183	1.6	25.80	7.10	24.00	20.22	27.20	40.98	23.00	31.69	3.75	2.88	3.09	5.39	5.29
Scranton/Wilkes-Barre – 7560	966	8.6	18.70	3.00	18.50	14.49	24.30	25.78	38.50	56.73	3.35	0.98	2.39	3.55	4.95
Sharon – 7610	361	3.2	17.50	2.77	19.60	12.19	25.20	22.71	37.80	62.33	5.11	3.23	4.94	4.43	7.78
State College – 8050	223	2.0	17.00	3.59	20.30	8.07	23.70	25.11	39.00	63.23	2.76	2.25	0.74	3.22	4.00
Williamsport – 9140	31	0.3	17.40	0.00	19.30	19.35	25.80	22.58	37.40	58.06	0.75	0.84	1.26	0.76	0.81
York – 9280	556	5.0	15.30	2.88	19.50	14.57	28.70	35.07	36.40	47.48	2.24	1.32	2.41	2.79	3.00
PA Non-MSA – 9999	1,224	10.9	16.20	3.43	18.90	11.19	24.30	26.23	40.60	59.15	4.03	2.89	3.23	5.32	5.18

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0 % of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: PENNSYLVANIA		Evaluation Period: 1/1/98 to 12/31/00				
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		% Distribution of Loans by Original Amount Regardless of Business Size			Market Share****	
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Pittsburgh – 6280	3,453	45.0	86.12	42.80	69.10	16.71	14.19	5.74	4.65
Harrisburg – 3240	535	7.0	86.28	44.49	75.33	13.46	11.21	4.25	3.89
Limited-Review:									
Altoona – 0280	313	4.1	86.42	40.58	62.94	23.00	14.06	8.91	5.64
Erie, PA – 2360	487	6.4	86.19	41.27	67.76	16.84	15.40	7.98	6.49
Lancaster – 4000	471	6.1	86.15	39.92	65.82	20.38	13.80	2.76	2.14
Newburgh – 5660	56	0.7	91.82	60.71	75.00	21.43	3.57	4.65	3.87
Scranton/Wilkes-Barre – 7560	818	10.7	87.45	45.23	73.84	17.73	8.43	4.75	4.11
Sharon – 7610	91	1.2	86.43	43.96	71.43	17.58	10.99	3.27	2.73
State College – 8050	240	3.1	86.41	41.25	65.00	19.17	15.83	6.63	4.87
Williamsport – 9140	27	0.4	87.69	44.44	77.78	14.81	7.41	1.02	0.38
York – 9280	367	4.8	86.57	46.59	71.66	14.72	13.62	3.94	5.39
PA Non-MSA – 9999	809	10.6	88.36	45.74	71.69	17.55	10.76	5.15	4.47

(\*) Small loans to businesses originated and purchased in the MSA/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.

(\*\*\*) 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 29.7 % of small loans to businesses originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

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

Borrower Distribution: SMALL LOANS TO FARMS		State: Pennsylvania		Evaluation Period: 01/01/98 to 12/31/00					
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 Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	
Full-Review:									
<b>(NOT APPLICABLE)</b>									
Limited-Review:									

(\*) Small loans to farms originated and purchased in the MSA/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 businesses.  
 (\*\*\*) 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 [Percent] of small loans to businesses originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS State: Pennsylvania Evaluation Period: 01/01/98 to 12/31/00									
MA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Pittsburgh – 6280	6	3,946	276	29,794	175	30,799	66.4	5	10,219
Harrisburg – 3240	1	196	103	3,608	64	3,609	7.8	1	494
Limited-Review									
Altoona – 0280	0	0	21	649	9	614	1.3	0	0
Erie, PA – 2360	0	0	31	1,577	13	1,494	3.2	0	0
Lancaster – 4000	1	92	28	2,386	17	2,430	5.2	0	0
Newburgh – 5660	0	0	5	149	1	146	.3	0	0
Scranton/Wilkes-Barre –7560	0	0	58	1,702	8	1,390	3.0	0	0
Sharon – 7610	0	0	23	631	6	592	1.3	0	0
State College – 8050	0	0	11	110	1	92	.1	0	0
Williamsport – 9140	0	0	4	281	4	281	.6	0	0
York – 9280	1	366	29	3,387	22	3,720	8.0	0	0
PA Non-MSA – 9999	0	0	47	1,287	10	1,197	2.6	0	0

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

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



**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								State: <b>Pennsylvania</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>							
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches (%) by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Pittsburgh – 6280	79.21	115	32.21	3.4	23.5	38.3	34.8	5	6	0	0	-1	2	3.03	17.51	53.30	25.96
Harrisburg – 3240	4.05	15	4.20	0	13.3	46.7	40.0	4	1	0	0	-2	-1	3.63	8.66	63.56	25.15
Limited-Review:																	
Altoona – 0280	1.18	10	2.80	10.0	10.0	70.0	10.0	2	1	-1	0	1	-1	1.30	12.22	74.81	11.67
Erie, PA – 2360	1.86	9	2.52	11.1	0	33.3	55.6	3	0	0	-1	-2	0	5.16	13.32	63.76	17.76
Lancaster – 4000	1.46	8	2.24	0	12.5	62.5	25.0	2	1	0	0	0	-1	1.69	8.71	80.91	8.70
Newburgh – 5660	.38	2	0.56	0	0	100.0	0	1	0	0	0	-1	0	0.00	25.26	74.74	0.00
Scranton/Wilkes-Barre – 7560	4.56	12	3.36	0	25.0	50.0	25.0	8	0	-1	0	-5	-2	0.50	10.02	73.99	15.48
Sharon – 7610	.8	6	1.68	16.7	0	66.7	16.7	0	0	0	0	0	0	3.61	8.14	83.71	4.54
State College – 8050	2.12	6	1.68	33.3	0	33.3	33.3	1	0	0	0	-1	0	7.53	10.66	45.18	31.82
Williamsport – 9140	N/A	0	0.00	0	0	0	0	0	0	0	0	0	0	0.00	9.44	79.57	11.00
York – 9280	1.10	8	2.24	12.5	0	75.0	12.5	4	1	0	0	-1	-2	2.70	9.01	82.06	6.23
PA Non-MSA – 9999	3.27	21	5.88	0	14.3	71.4	14.3	12	0	0	-2	-4	-6	0.00	7.10	75.20	17.70

**Table 1. Lending Volume**

LENDING VOLUME		State: <b>New Jersey</b>				Evaluation Period: <b>01/01/98 to 12/31/00</b>						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Atlantic/CapeMay - 0560	52.0	279	39,511	266	4,323	0	0	1	100	546	43,934	60.4
Limited-Review:												
Trenton - 8480	32.9	69	11,268	277	6,985	0	0	0	0	346	18,253	17.5
Vineland - 8760	15.1	71	3,383	88	2,506	0	0	0	0	159	5,889	22.1

(\*) Rated area refers to either the state or multistate MSA rating area.  
 (\*\*) The evaluation period for Community Development Loans is 1/1/98 to 12/31/00.  
 (\*\*\*) Deposit data as of June 30, 2000. Rated area refers to either the state or multistate MSA rating area.

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

Geographic Distribution: HOME PURCHASE		State: <b>New Jersey</b>				Evaluation Period: <b>01/01/98 to 12/31/00</b>									
MSA/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	Overall	Low	Mod	Mid	Upp
Full-Review:															
Atlantic/CapeMay – 0560	40	51.3	0.75	5.00	13.64	5.00	65.06	75.00	20.55	15.00	0.14	3.51	0.09	0.14	0.06
Limited-Review:															
Trenton – 8480	31	39.7	3.12	3.23	12.89	12.90	49.99	48.39	34.00	35.48	0.05	0.00	0.16	0.03	0.06
Vineland – 8760	7	9.0	0.07	0.00	10.48	14.29	71.46	85.71	17.99	0.00	0.17	0.00	0.50	0.18	0.00

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.  
 (\*\*\*) Based on 1999 Aggregate HMDA Data only.



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

Geographic Distribution: HOME IMPROVEMENT												State: <b>New Jersey</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Atlantic/CapeMay – 0560	60	69.0	0.75	1.67	13.64	18.33	65.06	58.33	20.55	21.67	0.82	9.09	1.03	0.52	1.40			
Limited-Review:																		
Trenton – 8480	8	9.2	3.12	0.00	12.89	0.00	49.99	50.00	34.00	50.00	0.10	0.00	0.00	0.19	0.00			
Vineland – 8760	19	21.8	0.07	0.00	10.48	15.79	71.46	78.95	17.99	5.26	1.06	0.00	1.56	0.99	0.99			

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Geographic Distribution: HOME MORTGAGE REFINANCE												State: <b>New Jersey</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Home 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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Atlantic/CapeMay – 0560	178	70.4	0.75	0.56	13.64	7.87	65.06	68.54	20.55	23.03	0.84	0.00	0.64	0.75	1.32			
Limited-Review:																		
Trenton – 8480	30	11.9	3.12	6.67	12.89	13.33	49.99	43.33	34.00	36.67	0.22	0.00	0.37	0.20	0.22			
Vineland – 8760	45	17.8	0.07	2.22	10.48	8.89	71.46	80.00	17.99	8.89	0.54	0.00	1.42	0.58	0.00			

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												State: <b>New Jersey</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***							
	#	% of Total*	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Atlantic/CapeMay – 0560	266	42.2	1.03	1.50	18.19	11.23	62.83	67.29	17.95	18.42	1.76	2.86	1.06	1.96	1.67			
Limited-Review:																		
Trenton – 8480	277	43.9	8.32	5.05	11.27	12.27	47.15	40.07	33.26	42.60	2.51	5.19	3.50	1.87	2.82			
Vineland – 8760	88	13.9	7.89	14.77	16.26	15.91	60.37	55.68	15.48	13.64	1.90	3.23	3.87	1.72	1.04			

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

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

Geographic Distribution: SMALL LOANS TO FARMS												State: <b>New Jersey</b>		Evaluation Period: <b>01/01/98 to 12/30/00</b>				
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***							
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
<b>(NOT APPLICABLE)</b>																		
Limited-Review:																		

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

(\*\*) Source of Data-Dunn and Bradstreet.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.



**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE											State: New Jersey		Evaluation Period: 01/01/98 to 12/31/00				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****						
	#	% of Total*	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	Overall	Low	Mod	Mid	Upp		
Full-Review:																	
Atlantic/CapeMay – 0560	40	51.3	18.11	12.50	19.24	15.00	24.17	2.50	38.48	70.00	0.14	0.38	0.06	0.05	0.24		
Limited-Review:																	
Trenton – 8480	31	39.7	18.90	29.03	18.20	35.48	24.00	6.45	38.90	29.03	0.05	0.14	0.07	0.00	0.08		
Vineland – 8760	7	9.0	21.10	14.29	17.30	85.71	22.80	0.00	38.80	0.00	0.17	0.00	0.77	0.00	0.00		

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0 % of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Borrower Distribution: HOME IMPROVEMENT											State: New Jersey		Evaluation Period: 01/01/98 to 12/31/00				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****						
	#	% of Total*	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	% of Families* *	% BANK Loans***	Overall	Low	Mod	Mid	Upp		
Full-Review:																	
Atlantic/CapeMay – 0560	60	69.0	18.11	6.67	19.24	15.00	24.17	38.33	38.48	40.00	0.82	0.00	0.98	0.85	0.94		
Limited-Review:																	
Trenton – 8480	8	9.2	18.90	0.00	18.20	62.50	24.00	25.00	38.90	12.50	0.10	0.00	0.00	0.36	0.00		
Vineland – 8760	19	21.8	21.10	0.00	17.30	26.32	22.80	26.32	38.80	47.37	1.06	0.00	2.20	0.00	1.55		

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0.3 % of loans originated and purchased by the bank.



(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		State: New Jersey		Evaluation Period: 01/01/98 to 12/31/00											
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp
Full-Review:															
Atlantic/CapeMay – 0560	178	70.4	18.11	4.49	19.24	16.29	24.17	23.03	38.48	56.18	0.84	0.28	1.21	0.95	1.21
Limited-Review:															
Trenton – 8480	30	11.9	18.90	6.67	18.20	16.67	24.00	13.33	38.90	63.33	0.22	0.26	0.13	0.19	0.39
Vineland – 8760	45	17.8	21.10	4.44	17.30	11.11	22.80	33.33	38.80	51.11	0.54	1.10	0.33	0.49	0.94

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

(\*\*) Percentage of Families is based on 1990 Census information.

(\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0.1 % of loans originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: <b>New Jersey</b>		Evaluation Period: 1/1/98 to 12/31/00				
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		% Distribution of Loans by Original Amount Regardless of Business Size			Market Share****	
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Atlantic/CapeMay – 0560	266	42.2	86.50	32.33	97.4	1.9	0.7	1.76	0.94
Limited-Review:									
Trenton – 8480	277	43.9	85.18	25.27	95.7	2.9	1.4	2.51	0.98
Vineland – 8760	88	1.4	84.95	21.59	92.0	6.8	1.2	1.90	0.55

(\*) Small loans to businesses originated and purchased in the MSA/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.

(\*\*\*) 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 46.1 % of small loans to businesses originated and purchased by the bank.

(\*\*\*\*) Based on 1999 Aggregate Small Business Data only.

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

Borrower Distribution: SMALL LOANS TO FARMS										State: <b>New Jersey</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>	
	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 Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less				
Full-Review:													
<b>(NOT APPLICABLE)</b>													
Limited-Review:													

- (\*) Small loans to farms originated and purchased in the MSA/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 businesses.
- (\*\*\*) 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 [Percent] of small loans to businesses originated and purchased by the bank.
- (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS										State: <b>New Jersey</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>	
MA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**					
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)				
Full-Review:													
Atlantic/CapeMay – 0560	0	0	6	775	6	775	51.8	0	0				
Limited-Review:													
Trenton – 8480	0	0	13	655	13	655	43.7	0	0				
Vineland – 8760	0	0	2	67	2	67	4.5	0	0				

- (\*) Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
- (\*\*) Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								State: New Jersey		Evaluation Period: 01/01/98 to 12/31/00							
™ MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches (%) by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Atlantic/CapeMay – 0560	60.4	4	57.1	0	0	75.0	25.0	0	0	0	0	0	0	3.24	16.36	63.56	16.83
Limited-Review:																	
Trenton – 8480	17.5	1	14.3	0	0	100.0	0	0	0	0	0	0	0	6.87	15.87	43.89	32.69
Vineland – 8760	22.1	2	28.6	0	0	50.0	50.0	0	0	0	0	0	0	0.40	17.22	65.83	16.55

**Table 1. Lending Volume**

LENDING VOLUME		State: <b>Maryland</b>				Evaluation Period: <b>01/01/98 to 12/31/00</b>						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Washington - 8840	74.9	650	127,889	613	21,506	0	0	2	30	1,265	149,425	88.00
Limited-Review:												
Baltimore - 0720	25.1	131	18,251	292	13,400	0	0	1	22	424	31,673	12.00

(\*) Rated area refers to either the state or multistate MSA rating area.

(\*\*) The evaluation period for Community Development Loans is 1/1/98 to 12/31/00.

(\*\*\*) Deposit data derived from bank management estimates. Rated area refers to either the state or multistate MSA rating area.

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

Geographic Distribution: HOME PURCHASE		State: <b>Maryland</b>				Evaluation Period: <b>01/01/98 to 12/31/00</b>									
MSA/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	Overall	Low	Mod	Mid	Upp
Full-Review:															
Washington – 8840	368	94.1	0.01	0.27	11.04	11.68	47.26	49.46	41.70	38.59	0.35	0.00	0.42	0.30	0.38
Limited-Review:															
Baltimore – 0720	23	5.9	0.00	0.00	1.67	21.74	50.92	47.83	47.41	30.43	0.05	0.00	0.35	0.08	0.01

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Geographic Distribution: HOME IMPROVEMENT												State: <b>Maryland</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Washington – 8840	115	82.7	0.01	0.00	11.04	35.65	47.26	18.26	41.70	46.09	2.13	0.00	8.00	0.60	1.31			
Limited-Review:																		
Baltimore – 0720	24	17.3	0.00	0.00	1.67	8.33	50.92	33.33	47.41	58.33	0.46	0.00	5.41	0.46	0.24			

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Geographic Distribution: HOME REFINANCE												State: <b>Maryland</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Home 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	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Washington – 8840	167	66.5	0.01	0.00	11.04	9.58	47.26	31.14	41.70	59.28	0.17	0.00	0.14	0.14	0.21			
Limited-Review:																		
Baltimore – 0720	84	33.5	0.00	0.00	1.67	1.19	50.92	45.24	47.41	53.57	0.24	0.00	0.00	0.21	0.27			

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

(\*\*) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(\*\*\*) Based on 1999 Aggregate HMDA Data only.



**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES											State: <b>Maryland</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>				
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***						
	#	% of Total*	% of Businessess**	% BANK Loans	% of Businessess**	% BANK Loans	% of Businessess**	% BANK Loans	% of Businessess**	% BANK Loans	Overall	Low	Mod	Mid	Upp		
Full-Review:																	
Washington – 8840	613	67.7	2.34	1.63	19.76	21.04	44.59	39.64	33.31	37.68	1.13	0.72	1.31	1.04	1.19		
Limited-Review:																	
Baltimore – 0720	292	32.3	0.00	0.00	2.60	2.74	54.77	58.90	42.63	38.36	1.75	0.00	3.13	1.93	1.52		

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.  
 (\*\*) Source of Data-Dunn and Bradstreet.  
 (\*\*\*) Based on 1999 Aggregate Small Business Data only.

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

Geographic Distribution: SMALL LOANS TO FARMS											State: <b>Maryland</b>		Evaluation Period: <b>01/01/98 to 12/30/00</b>				
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***						
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp		
Full-Review:																	
<b>(NOT APPLICABLE)</b>																	
Limited-Review:																	

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 (\*\*) Source of Data-Dunn and Bradstreet.  
 (\*\*\*) Based on 1999 Aggregate Small Farm Data only.



**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		State: <b>Maryland</b>					Evaluation Period: <b>01/01/98 to 12/31/00</b>									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****					
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp	
Full-Review:																
Washington – 8840	368	94.1	13.69	35.60	17.82	41.30	24.73	1.63	43.76	21.47	0.35	1.13	0.46	0.03	0.40	
Limited-Review:																
Baltimore – 0720	23	5.9	11.60	13.04	15.20	26.09	24.60	8.70	48.70	52.17	0.05	0.24	0.03	0.00	0.10	

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0 % of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

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

Borrower Distribution: HOME IMPROVEMENT		State: <b>Maryland</b>					Evaluation Period: <b>01/01/98 to 12/31/00</b>									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****					
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp	
Full-Review:																
Washington – 8840	115	82.7	13.69	6.09	17.82	21.74	24.73	30.43	43.76	41.74	2.13	1.69	3.14	3.33	1.76	
Limited-Review:																
Baltimore – 0720	24	17.3	11.60	4.17	15.20	12.50	24.60	20.83	48.70	62.50	0.46	0.00	0.30	0.54	0.67	

(\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 (\*\*) Percentage of Families is based on 1990 Census information.  
 (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0 % of loans originated and purchased by the bank.  
 (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												State: Maryland		Evaluation Period: 01/01/98 to 12/31/00				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****							
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	Overall	Low	Mod	Mid	Upp			
Full-Review:																		
Washington – 8840	167	66.5	13.69	7.78	17.82	6.59	24.73	25.15	43.76	60.48	0.17	0.14	0.07	0.25	0.37			
Limited-Review:																		
Baltimore – 0720	84	33.5	11.60	8.33	15.20	16.67	24.60	25.00	48.70	48.81	0.24	0.65	0.42	0.32	0.29			

- (\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
- (\*\*) Percentage of Families is based on 1990 Census information.
- (\*\*\*) As a percentage of loans with borrower income information available. No information was available for 0.4 % of loans originated and purchased by the bank.
- (\*\*\*\*) Based on 1999 Aggregate HMDA Data only.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES										State: Maryland		Evaluation Period: 1/1/98 to 12/31/00		
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		% Distribution of Loans by Original Amount Regardless of Business Size			Market Share****						
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less					
Full-Review:														
Washington – 8840	613	67.7	86.08	32.63	92.33	4.41	3.26	1.13	0.64					
Limited-Review:														
Baltimore – 0720	292	32.3	87.56	23.29	89.04	6.85	4.11	1.75	0.74					

- (\*) Small loans to businesses originated and purchased in the MSA/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.
- (\*\*\*) 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 45 % of small loans to businesses originated and purchased by the bank.
- (\*\*\*\*) Based on 1999 Aggregate Small Business Data only.



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

Borrower Distribution: SMALL LOANS TO FARMS		State: <b>Maryland</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>					
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 Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	
Full-Review:									
<b>(NOT APPLICABLE)</b>									
Limited-Review:									

- (\*) Small loans to farms originated and purchased in the MSA/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 businesses.
- (\*\*\*) 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 [Percent] of small loans to businesses originated and purchased by the bank.
- (\*\*\*\*) Based on 1999 Aggregate Small Farm Data only.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		State: <b>Maryland</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>						
MA/Assessment Areas:		Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:										
Washington – 8840		1	88	43	23,252	44	23,340	52.89	0	0
Limited-Review:										
Baltimore – 0720		0	0	26	20,786	26	20,786	47.11	0	0

- (\*) Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.
- (\*\*) Unfunded Commitments means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								State: <b>Maryland</b>		Evaluation Period: <b>01/01/98 to 12/31/00</b>							
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches (%) by Income of Geographies				# of Branch Closings *	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Review:																	
Washington – 8840	88.00	2	66.6	0	0	50.0	50.0	0	0	0	0	0	0	0.19	20.78	45.43	33.61
Limited-Review:																	
Baltimore – 0720	12.00	1	33.3	0	0	100.0	0	0	0	0	0	0	0	0.00	4.98	53.67	40.37

\* Branch closings do not include the seven banking offices sold to another financial institution (one in moderate-income tract, two in middle income tracts, and four in upper income tracts.)