



# LARGE BANK

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **PUBLIC DISCLOSURE**

April 5, 2010

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

National Penn Bank  
Charter Number: 2137

Reading and Philadelphia Avenues  
Boyertown, PA 19512

Office of the Comptroller of the Currency

New York Metro Field Office  
343 Thornall Street  
Suite 610  
Edison, NJ 08837

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

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>2</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>3</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>7</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>9</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>10</b>
<b>MULTISTATE METROPOLITAN AREA RATING .....</b>	<b>10</b>
PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-ME MSA 37980 .....	12
<b>STATE RATING .....</b>	<b>27</b>
STATE OF PENNSYLVANIA .....	27
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS .....</b>	<b>B-1</b>
<b>APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>C-1</b>
<b>APPENDIX D: TABLES OF PERFORMANCE DATA .....</b>	<b>D-1</b>

## Overall CRA Rating

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

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

Performance Levels	National Penn Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending levels reflect good responsiveness to the community credit needs of its assessment areas;
- A substantial majority of home mortgage loans and small loans to businesses are originated within the bank’s combined assessment areas;
- Overall, the geographic distribution of home mortgage loans reflects good penetration throughout the assessment areas, and the geographic distribution of small loans to businesses reflects adequate penetration throughout the assessment areas;
- Overall, the distribution of borrowers reflects good penetration among home mortgage borrowers of different income levels and adequate penetration among businesses of different sizes;
- Community development lending and product flexibility had a positive impact on the lending test rating;
- NPB has a significant level of qualified community development investments, donations, and grants;
- Service delivery systems are accessible to individuals of different income levels in the assessment area; and

- NPB is a leader in providing community development services.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

National Penn Bank (NPB), headquartered in Boyertown, Pennsylvania, is an interstate community bank with total assets of \$9.2 billion as of December 31, 2009. NPB operates 124 branches in Pennsylvania and one branch in Maryland through NPB and NPB's HomeTowne Heritage Bank, KNBT, and Nittany Bank divisions. In addition, NPB has five loan centers with branch authorization, two cyber offices with branch authorizations, one limited service mobile office with branch authorization, and one loan production center that does not have a branch authorization.

NPB is a wholly owned subsidiary of National Penn Bancshares, Inc. (NPBI), also headquartered in Boyertown, Pennsylvania. NPBI has three wholly owned subsidiaries: NPB, National Penn Investment Company, and Christiana Bank & Trust Company. National Penn Investment Company is an investment subsidiary that holds a portion of NPB's investment portfolio, including some community development investments that are included in this evaluation. Christiana Bank and Trust Company operates two banking offices in Delaware. As of December 31, 2009, NPBI had total consolidated assets of \$9.7 billion.

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

- National Penn Wealth Management, N.A and its National Penn Investors Trust Company division provide investment management and fiduciary services;
- National Penn Capital Advisors, Inc. and its Resources for Retirement, Inc. division provide investment advisory and retirement planning services;
- Institutional Advisors, LLC is a registered investment advisor, providing investment management services;
- National Penn Insurance Services Group, Inc. and its Higgins Insurance division and Caruso Benefits Group, Inc. division provide personal, commercial, and employer-sponsored medical and benefit programs as well as group benefits with an emphasis on medical, life, and disability;
- National Penn Leasing Company provides equipment leasing services. The lending activities of this company do not impact the bank's CRA activities and are not included in this evaluation;
- National Penn Management Services, LLC provides management consulting services;
- DFM Realty, Inc. is a real estate holding company for NPB's other real estate owned properties;
- Link Financial Services, Inc. is a life insurance agency and its subsidiary Link Abstract, L.P. is a title insurance agent;
- NPB Delaware, Inc. holds investment securities as passive investments; and



- KNBT Settlement Services, LLC is a title insurance agent and settlement services provider.

Since the last evaluation, NPB expanded from 86 branches to 133 branches through internal growth and a merger with KNBT Bancorp, Inc. (KNBT). In September 2007, NPBI entered into a merger agreement with KNBT, a \$2.9 billion bank that was headquartered in Bethlehem, PA. On February 1, 2008, this merger was completed and KNBT became a division of NPB. With this merger, NPB acquired a total of 56 branches. After the merger took place, NPB closed, relocated, and consolidated eight branches and one business center. In addition to the merger, NPB opened two branches, relocated one branch, and closed two branches as a result of a short distance relocation and consolidation of branches. The branch activities are fully discussed in the Service Test section of this Performance Evaluation. The KNBT merger resulted in the expansion of the bank's assessment area (AA), and NPB's AA now includes all of Berks, Lehigh, Northampton, Carbon, Bucks, Chester, Montgomery, Lancaster, Luzerne, Centre, Monroe, and Schuylkill counties in Pennsylvania (PA), a portion of Delaware, Philadelphia, and York counties in PA and a portion of Cecil County in Maryland (MD).

NPB is a full service community bank offering a wide range of commercial and personal banking products within their PA and MD markets. Commercial banking has been NPB's historic and ongoing business focus. Some of NPB's commercial products and services include checking accounts, money market accounts, certificates of deposits, short-term loans for seasonal and working capital purposes, term loans secured by real estate and other assets, revolving credit plans, and small business loans. NPB is an active Small Business Administration (SBA) lender under the Preferred Lender Program. During the evaluation period, the bank originated 100 of these loans totaling \$17.8 million. Consumer products and services include checking and savings accounts, NOW accounts, money market accounts, certificates of deposit, installment loans, home equity loans, and residential mortgage loans. In addition to offering commercial and personal banking products, various divisions within the bank focus on specific markets, including private banking, mutual fund and investment products, residential mortgage lending, and commercial equipment leasing.

As of December 31, 2009, NPB's net loans and leases were \$5.7 billion, representing 63% of total assets. The loan portfolio mix is 50% commercial real estate and commercial loans, 33% residential real estate loans, 10% construction and development, 4% loans to individuals, and 3% agriculture, municipal, and other loans. As of December 31, 2009, Tier One Capital was \$701 million.

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

There are no financial or legal impediments to hinder NPB's ability to help meet the credit needs of the communities it serves.

NPB's last Public Evaluation (PE) was dated September 24, 2007, and NPB was assigned an overall "Satisfactory" rating.

## **Scope of the Evaluation**

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

The evaluation period for the Lending Test, with the exception of Community Development Loans, is January 1, 2007 through December 31, 2009. Conclusions regarding the bank's lending performance are based on Home Mortgage Disclosure Act (HMDA) reportable loans and small business loans from January 1, 2007 through December 31, 2009. The volume of small loans to farms is only meaningful for the Lancaster, PA MSA 29540. Therefore, an analysis of small loans to farms was only performed for the Lancaster, PA MSA 29540 AA. There were a minimal number of multifamily loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. The Lending Tables for multifamily loans have been eliminated.

For Community Development (CD) Loans, and the Investment and Service Tests, the evaluation period is from September 24, 2007 through April 5, 2010. The Investment Test included a review of investments, grants, and donations made in the bank's AAs that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at April 5, 2010 were given appropriate consideration. The Service Test included a review of retail and community development services provided in the bank's assessment areas.

### **Data Integrity**

Prior to this examination, we tested the accuracy of NPB's Home Mortgage Disclosure Act (HMDA) and CRA or small business data. Results of this testing evidenced the data is reasonably accurate and can be relied upon for this CRA evaluation. Community Development (CD) loans, investments, and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

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

In each state and multistate metropolitan area where the bank has an office, a sample of AAs within that state/multistate metropolitan area was selected for full-scope reviews. Refer to the "Scope" section under each the state of Pennsylvania and the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area (MSA) 37980 Rating section for details regarding how the areas were selected.

## Ratings

The bank's overall rating is a blend of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980 rating and the state of Pennsylvania rating. The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980 rating and the state of Pennsylvania rating are based primarily on those areas that received full-scope reviews. The state of Pennsylvania rating was more heavily weighted in arriving at the overall rating since that is where a majority of the bank's overall lending activities, deposits, and branches are located. The Lending Test was rated more heavily than the Investment or Service Test. In evaluating the bank's lending performance in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980, home mortgage loans and small loans to businesses received equal weight for each of the AAs in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980. In evaluating the bank's lending performance in the state of Pennsylvania, home mortgage loans received more weight than small loans to businesses because home mortgage loans comprised the majority of lending in each of the AAs in the state of Pennsylvania. Refer to the "Scope" section under the state of Pennsylvania and the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980 MSA rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## Fair Lending or Other Illegal Credit Practices Review

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

## Multistate Metropolitan Area Rating

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

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

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

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

**The service test is rated: Outstanding**

The major factors that support this rating include:

- Lending levels reflect adequate responsiveness to the community credit needs of its assessment areas;

---

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

- A substantial majority of home mortgage loans and small loans to businesses are originated within the bank's combined assessment areas;
- The geographic distribution of home mortgage loans reflects good penetration throughout the assessment areas, and the geographic distribution of small loans to businesses reflects adequate penetration throughout the assessment areas;
- The distribution of borrowers reflects good penetration among home mortgage borrowers of different income levels and adequate penetration among businesses of different sizes;
- Community development lending and product flexibility had a positive impact on the lending test rating;
- The bank made a significant level of qualified community development investments, donations, and grants;
- Service delivery systems are readily accessible to individuals of different income levels in the assessment area; and
- NPB is a leader in providing community development services.

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

NPB has two AAs within the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate MSA 37980. The first AA is the Philadelphia, PA MD 37964, and the second AA is the Wilmington, DE-MD-NJ MD 48864. NPB has 48 branches within the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate MSA 37980, which represents 36% of the bank's total branch network. Approximately 32% of the bank's total deposits are within this Multistate MSA. Based on the June 30, 2009 Federal Deposit Insurance Corporation (FDIC) Summary of Deposit data, NPB ranked 20 out of 157 institutions with a 0.78% deposit market share in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate MSA 37980. The bank's primary competitors are ING Bank, FSB, Wachovia Bank, NA, Chase Bank USA, NA, Ally Bank, TD Bank, NA and Citizens Bank of PA. During the evaluation period, NPB originated 25% of its total HMDA and 44% of its total small business loan volume within this Multistate MSA.

Refer to the market profile within the Philadelphia-Camden-Wilmington Multistate Metropolitan Area in Appendix C for detailed demographics and other performance context information for the full-scope Philadelphia, PA MD 37964 AA.

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

The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980 rating is based primarily on those areas that received full-scope reviews. For every Multistate Metropolitan area in which the bank has branches in more than one state, at least one full-scope review must be performed. We conducted a full scope review of the Philadelphia, PA MD 37964 AA because a majority of NPB's braches, deposits, and loan originations were in this AA.

### **Philadelphia, PA MD 37964**

We conducted a full scope review of the Philadelphia, PA MD 37964 AA because a majority of NPB's branches, deposits, and loan originations were in this AA. There are 47 branches in this AA. In the Multistate MSA, approximately 99% of the bank's deposits, 98% of the bank's home mortgage lending, and 99% of the bank's small loans to businesses were originated in the Philadelphia, PA MD 37964 AA. In evaluating the bank's lending performance in this AA, home mortgage loans and small loans to businesses received equal weight. Approximately 54% of the loans originated from 1/1/07 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 46%.

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

We conducted a limited scope review of the Wilmington, DE-MD-NJ MD 48864 AA because of the bank's limited presence, deposit and lending activity in this AA. There is 1 branch in this AA. In the Multistate MSA, approximately 1% of the bank's deposits, 2% of the bank's home mortgage lending, and 1% of the bank's small loans to businesses were originated in this AA. In evaluating the bank's lending performance in this AA, home mortgage loans and small loans to businesses received equal weight. Approximately 56% of the loans originated from 1/1/07 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 44%.

### **Community Contact**

We conducted one community contact during this evaluation to identify community development needs and opportunities within the Philadelphia, PA MD 37964 AA. Refer to the Market Profile section in Appendix C for details.

## **LENDING TEST**

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

The bank's performance under the lending test in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Philadelphia, PA MD 37964 is good.

## Lending Activity

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

### Philadelphia, PA MD 37964

NPB's lending activity in the Philadelphia, PA MD 37964 AA is adequate, and the bank's lending levels reflect adequate responsiveness to the credit needs of the community. NPB has 47 branches in this AA and 31% of the bank's total deposits were in this AA. According to the June 30, 2009 FDIC Summary of Deposit Market Share report, NPB had a 1.72% deposit market share in the Philadelphia, PA MD 37964, ranking the bank 9<sup>th</sup> among 102 institutions. Major competitors are: Wachovia Bank, NA, ranked 1<sup>st</sup> with a 19.77% deposit market share, Ally Bank, ranked 2<sup>nd</sup> with a 14.14% deposit market share, Citizens Bank, ranked 3<sup>rd</sup> with an 11.61% deposit market share, PNC Bank, NA, ranked 4<sup>th</sup> with an 8.73% deposit market share, and TD Bank, NA, ranked 5<sup>th</sup> with a 7.31% deposit market share. NPB's lending market share is compared to its deposit market share within this AA.

During the evaluation period, NPB originated approximately 31% of all home mortgage and small loans to businesses in this AA. Approximately 25% of all home mortgage loans and 44% of all small loans to businesses were originated in the Philadelphia, PA MD 37964. Of the total loans originated in this AA, 54% of the loans were home mortgage loans and 46% were small loans to businesses. Among home mortgage originations in this AA, 22% were home purchase loans, 31% were home improvement loans, and 47% were home refinance loans.

The 2008 market share data for all mortgage data indicates NPB ranked 28<sup>th</sup> out of 638 mortgage lenders with a market share of 0.66%. Based on the same 2008 market share data, NPB ranked 48<sup>th</sup> out of 477 lenders in the AA with a 0.36% market share in home purchase lending, 11<sup>th</sup> out of 231 lenders in the AA with a 2.64% market share in home improvement lending, and 31<sup>st</sup> out of 501 lenders in the AA with a 0.52% market share in home refinance lending. Although the bank's market share in home purchase, home improvement, and home refinance lending is below the bank's deposit market share in this AA, NPB's performance is adequate when considering the competition from larger regional and nationwide mortgage lenders.

Based on the 2008 CRA aggregating data, NPB ranked 17<sup>th</sup> out of 168 lenders in the AA with a market share of 0.54%. The top three lenders are large, nationwide lenders that offer small business credit cards. NPB's performance is considered adequate in comparison to the bank's deposit market share.

## Distribution of Loans by Income Level of the Geography

The distribution of home mortgage loans by income level of the geography is good, and the distribution of small loans to businesses by income level of the geography is adequate..

**Philadelphia, PA MD 37964**

The geographic distribution of home mortgage loans is good, and the geographic distribution of small loans to businesses is adequate.

In our analysis, we took into consideration there are only 2,792 owner-occupied housing units in the nine low-income geographies in Philadelphia County and there are only 310 owner-occupied housing units in the one low-income geography in Montgomery County. Furthermore, the opportunities to lend in low-income geographies were limited based on the percentage of low- and moderate-income families residing in the low-income geographies. Approximately 75% of the families residing in the low-income geographies in Philadelphia County are low- and moderate-income families, and approximately 70% of the families residing in the low-income geography in Montgomery County are low- and moderate-income families. We also took into consideration there were only 4,179 businesses in the nine low-income geographies in Philadelphia County and there were only 315 businesses in the one low-income geography in Montgomery County. Therefore, the opportunities to lend in low-income geographies were limited, especially when considering the competition from other financial institutions.

***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

***Home Purchase Lending***

The geographic distribution of home purchase lending is good. NPB did not originate home purchase loans in low-income geographies. The percentage of home purchase lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home purchase lending in moderate-income geographies exceeds its overall market share in home purchase lending.

***Home Improvement Lending***

The geographic distribution of home improvement lending is good. The percentage of home improvement lending in low-income geographies is near to the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in low-income geographies is somewhat lower than its overall market share in home improvement lending.

The percentage of home improvement lending in moderate-income geographies is near to the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in moderate-income geographies is somewhat lower than its overall market share in home improvement lending.

***Home Refinance Lending***

The geographic distribution of home refinance lending is adequate. The percentage of home refinance lending in low-income geographies is lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home refinance lending in low-income geographies is near to its overall market share in home refinance lending.

The percentage of home refinance lending in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home refinance lending in moderate-income geographies exceeds its overall market share in home refinance lending.

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

Refer to Table 6 in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for 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 adequate. The percentage of small loans to businesses in low-income geographies is lower than the percentage of businesses located in low-income geographies. NPB's market share of small loans to businesses in low-income geographies is lower than its overall market share.

The percentage of small loans to businesses in moderate-income geographies exceeds the percentage of businesses located in the moderate-income geographies. NPB's market share of small loans to businesses in moderate-income geographies is lower than its overall market share.

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

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

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

This portion of the evaluation was performed at the bank level. NPB originated a substantial majority of its loans in their combined assessment areas. During the evaluation period, 90% of the number and 84% of the dollar amount of total home mortgage and small loans to businesses were originated within the bank's combined AAs. NPB originated 88% of the number and 80% of the dollar amount of total HMDA loans within its combined AAs. The number and dollar amount of home mortgage loans originated in the combined AAs by product type are as follows: 88% of the number and 85% of the dollar amount of home purchase loans, 79% of the number and 95% of the dollar amount of home improvement loans, and 93% of the number and 88% of the dollar amount of home refinance loans. Regarding small loans to businesses, 93% of the number and 90% of the dollar amount of total originations were within the bank's combined AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

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



**Philadelphia, PA MD 37964**

NPB's distribution of home mortgage loans by borrower income level is good, and NPB's distribution of small loans to small businesses is adequate.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in this AA is \$168,900, and a low-income family earns less than \$37,750. Additionally, 52,647 or 6.22% of the households in this AA are below the poverty level and are considered very low-income. We also took into consideration that Philadelphia County has a significantly higher poverty level than the AA as a whole. Approximately 15% of the households in the Philadelphia County portion of the AA are below the poverty level while approximately 5% of the households in each of the other counties in the AA are below the poverty level. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families.

***Home Mortgage Loans***

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

***Home Purchase Lending***

The borrower distribution for home purchase lending is good. The percentage of home purchase lending to low-income borrowers is lower than the percentage of low-income families in the AA. NPB's market share of home purchase loans to low-income borrowers exceeds its overall market share of home purchase loans.

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

***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement lending to low-income borrowers exceeds the percentage of low-income families in the AA. NPB's market share of home improvement loans to low-income borrowers exceeds its overall market share of home improvement loans. NPB ranked 3<sup>rd</sup> out of 86 lenders in home improvement lending to low-income borrowers.

The percentage of home improvement lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home improvement loans to moderate-income borrowers exceeds its overall market share of home improvement loans. NPB ranked 5<sup>th</sup> out of 131 lenders in home improvement lending to moderate-income borrowers.

***Home Refinance Lending***

The borrower distribution for home refinance lending is good. The percentage of home refinance lending to low-income borrowers is somewhat lower than the percentage of low-

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

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

***Small Loans to Businesses***

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

The borrower distribution of small loans to businesses is adequate when considering the strong competition from larger, nationwide lenders that offer small business credit cards, the bank's market share position in relation to these larger, nationwide lenders, and the distribution by size of loan. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is significantly lower than the percentage of small businesses in the AA. NPB's market share of lending to small businesses exceeds its overall market share. NPB ranked 17<sup>th</sup> out of 168 lenders in the AA with a 0.76% market share in lending to small businesses. The lenders ranked above NPB included Citibank, NA, Capital One Bank, NA, Advanta Bank Corp., PNC Bank, NA, FIA Card Services, NA, and Wells Fargo Bank, NA. The distribution by size of loan shows that approximately 45% of the loan originations are for \$100,000 or less, which indicates NPB is lending to small businesses.

**Community Development Lending**

Refer to Table 1 Lending Volume in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans, however.

**Philadelphia, PA MD 37964**

Community development lending had a positive impact on the lending test for the Philadelphia, PA MD 37964, and the originated loans were responsive to the needs of the AA. During the evaluation period, NPB originated nineteen qualified community development loans for a total of \$27 million in the Philadelphia, PA MD 37964 AA.

- During the evaluation period, NPB originated two loans for a total of \$330 thousand to a nonprofit organization that provides affordable housing to low- and moderate-income families. The funds were used to purchase a five-unit residential multi-family property that will provide affordable housing for low- and moderate-income individuals.

- NPB originated six lines of credit, totaling \$21 million, for a Small Business Investment Company (SBIC). The primary purpose of the SBIC is to provide private equity capital and long term loan funds for small business operations. The lines of credit were used to fund investments until SBIC funding was received.
- NPB made a \$1.7 million loan to a nonprofit organization that provides community and medical services to low- and moderate-income Hispanics and other underserved people in the Chester County area. The funds were used to purchase and construct a new medical facility that will serve primarily low- and moderate-income Hispanics.
- During the evaluation period, NPB renewed a \$500 thousand line of credit and originated a \$500 thousand term loan for a local community development corporation (CDC). The purpose of this non-profit CDC is to promote and facilitate community revitalization through the financing of, and investment in, housing and community development activities that address the needs of low- and moderate-income people and areas throughout Bucks, Chester, Delaware, Montgomery, and Philadelphia counties. The CDC also acts as an intermediary between developers and member banks for the purchase of federal low-income housing tax credits. The advances on the line of credit are pooled with other community banks and provided to borrowers of the CDC. The term loan proceeds were pooled with other community bank funds and used for commercial real estate projects designed to assist the community in increasing low-income and special need housing projects.
- NPB originated a \$200 thousand loan to an organization that provides health care resources to low- and moderate-income women, infants, and children throughout Chester County. The funds were used to cover the gap in grants receivable, which are used to support the daily operations of the organization.
- During the evaluation period, NPB originated a \$125 thousand loan to an organization that provides accessible and affordable housing to low- and moderate-income individuals, either by home purchase or rental. The loan proceeds were used to purchase single family homes that will be rehabilitated into affordable housing units for low- and moderate-income individuals to purchase under the organization's first time homebuyer program.
- NPB originated two loans, totaling \$1.4 million, to two businesses that are located in a moderate-income census tract. Both loans were a part of a local economic development plan to revitalize and stabilize the moderate-income census tract. The funds were used to purchase, construct and renovate the facilities for both businesses. The opening of both businesses will help to stabilize and revitalize the area by retaining and attracting new business and residents.
- During the evaluation period, NPB renewed a line of credit three times, for a total of \$1.3 million, to a nonprofit organization that provides emergency shelter and transitional housing to low- and moderate-income domestic violence victims. The funds supported the daily operations of the organization until various local and state grants were received.

- A \$50 thousand loan was extended to a community development financial institution (CDFI) for the purpose of providing affordable financial products and services to low- and moderate-income individuals.

## Product Innovation and Flexibility

Product innovation and flexibility had a positive impact on the lending test conclusion for the Philadelphia, PA MD 37964. NPB offers the following specialized home mortgage loan and home improvement financing programs.

The Target Mortgage program is targeted at cities and towns with low- and moderate-income census tracts in the bank's AA. The program provides flexible underwriting such as 100% financing with no Private Mortgage Insurance. The bank fees are less than the standard market rate fees for underwriting and document preparation. During the evaluation period, NPB made 7 loans for a total of \$702 thousand under this loan program.

NPB has partnered with a non-profit in Philadelphia to develop a Philadelphia Home Improvement Loan Program in response to an identified community need. The program targets low- and moderate-income individuals in low- and moderate-income census tracts located in the City of Philadelphia. The bank will disburse up to \$5 thousand for home improvements at a rate of 3% and the loan is unsecured. During the evaluation period, NPB made 11 loans for a total of \$70 thousand under this loan program.

The Community Home Buyer Program is a flexible home buyer program targeted to low- and moderate-income borrowers. This loan program provides up to 100% financing for low- and moderate-income first-time homebuyers purchasing homes in low- and moderate-income areas and up to 95% financing for low- and moderate-income first-time homebuyers purchasing homes in other areas. During the evaluation period, NPB made 13 loans for approximately \$1 million under this loan program.

NPB offers a Homeowner Assistance Program for distressed borrowers. A majority of the borrowers under this program are low- and moderate-income. The purpose of this program is to modify the terms of residential first lien home mortgage and home equity loans for borrowers who are in danger of losing their homes due to economic hardship. The program is based on the *Making Homes Affordable* guidelines released by the Department of the Treasury. The bank's program provides uniformity and consistency in providing long term solutions to enable borrowers to remain in their home and avoid foreclosure during these unprecedented economic times. The ultimate objective of this program is to convert troubled residential mortgage assets into performing loans. The loan program is offered from March 2009 through December 31, 2012. During the evaluation period, seven low- and moderate-income borrowers benefited from this program.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the lending test in the Wilmington, DE-MD-NJ MD 48864 is not inconsistent with the bank's overall "High

Satisfactory” performance under the lending test in Philadelphia-Camden-Wilmington Multistate Metropolitan Area.

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

## **INVESTMENT TEST**

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

The bank’s performance under the investment test in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate Metropolitan Area is High Satisfactory. Based on a full-scope review, the bank’s performance in the Philadelphia, PA MD 37964 is good.

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

#### **Philadelphia, PA MD 37964**

NPB has a good level of qualified investments and donations and exhibits a good responsiveness to credit and community economic development needs of the area.

Our community contact indicated there are investment opportunities available; however, NPB is competing with several larger multinational institutions for these investment opportunities. Furthermore, the availability of qualified investments, such as mortgage-backed securities, is limited and infrequent in number. All of NPB’s qualified investments were responsive to the community needs identified through our community contact. None of the investments are considered innovative or complex in nature.

During the current evaluation period, NPB invested in two mortgage-backed securities (MBS) for a combined total of \$5.1 million that benefit three of NPB’s AAs. Twenty-two mortgages, totaling \$3.4 million, were originated to low- or moderate-income individuals or families within the Philadelphia, PA MD 37964, eight mortgages, totaling \$1.1 million, were originated to low- or moderate-income individuals or families in the Allentown-Bethlehem-Easton, PA MSA 10900, and four mortgages, totaling \$617 thousand, were originated to low- or moderate-income individuals or families in the Reading, PA MSA 39740. This investment, in its entirety, is reflected on the statewide/regional investments table.

Additionally, NPB made 48 donations for approximately \$215 thousand to numerous community development organizations that provide economic development, affordable housing for low- and moderate-income individuals, or community services targeted to primarily low- and moderate-income individuals and families.

There are five prior period investments that benefit this area. NPB has two prior period Low Income Housing Tax Credit (LIHTC) investments that have a combined current book value of \$1.1 million and directly benefit the Philadelphia, PA MD 37964. NPB has one prior period investment in a venture capital company that invests in businesses that bring financial benefits

to communities designated “low-income” by the SBA. This investment has a current book value of \$332 thousand and directly benefits the Philadelphia, PA MD 37964. NPB has one prior period LIHTC investment that benefits the Philadelphia, PA MD 37964, the Allentown-Bethlehem-Easton, PA MSA 10900 and the Reading, PA MSA 39740 AAs, and it has a current book value of \$1.1 million. This investment, in its entirety, is reflected on the statewide/regional investment table. And, one prior period investment is a MBS that benefits the Philadelphia, PA MD 37964 and the Reading, PA MSA 39740 AAs, and this investment has a current book value of \$555 thousand. This investment, in its entirety, is reflected on the statewide/regional investment table.

### **Statewide/Regional Investments**

NPB has invested in four different phases of a Small Business Investment Company (SBIC) that provides private equity capital and long term loan funds for small business operations. NPB made a \$2.5 million investment in the current evaluation period, and NPB made three investments in a prior evaluation period that have a combined current book value of \$8.6 million. All four of the investments benefit a broader statewide/regional area and they have the potential to benefit the bank’s AAs. During the evaluation period, some of the businesses that received assistance from this SBIC have been located in NPB’s AAs. These investments, in their entirety, are reflected on the statewide/regional investment table.

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

Based on a limited-scope review, the bank’s performance under the investment test in the Wilmington, DE-MD-NJ MD 48864 is weaker than the bank’s overall “High Satisfactory” performance. The weaker performance is a result of no investments in this AA. However, the opportunity for community development investments is limited in this rural area. The weaker performance has a minimal impact on the overall investment test rating.

Refer to the Table 14 in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area section of Appendix D for the facts and data that support these conclusions.

### **SERVICE TEST**

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

The bank’s performance under the service test in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area is rated Outstanding. Based on a full-scope review, the bank’s performance in the Philadelphia, PA MD 37964 is excellent.

#### **Retail Banking Services**

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

#### **Philadelphia, PA MD 37964**

NPB's delivery systems are readily accessible to geographies and individuals of different income levels. NPB operates 47 of its 133 branches in the Philadelphia, PA MD. There are no branches in low-income geographies. Five branches are located in moderate-income geographies, 19 are located in middle-income geographies, and 19 are located in upper-income geographies. In addition to these branches, NPB has branch authorizations for and operates one loan center in a middle-income geography, one limited service mobile branch in a middle-income geography, one cyber branch in a moderate-income geography, and one cyber branch in an upper-income geography in this AA.

As a percent of the total number of branches, zero percent of the branches are located in low-income geographies where 0.95% of the population resides. However, NPB has one branch in a moderate-income geography that is adjacent to and can service a low-income geography. The percentage of branches located in moderate-income geographies exceeds the percentage of the population located in these geographies. Further, NPB has five branches located in middle-income geographies that are in close proximity to and can service adjacent moderate-income geographies. In addition, there is one branch located in a moderate-income geography that can service an adjacent moderate-income geography. These branches allow delivery systems to be readily accessible to essentially all portions of the AA.

In addition to the branches, NPB offers alternative delivery systems in the form of ATMs. NPB has 39 ATMs within this AA. All 39 ATMs are associated with the aforementioned branches. Of the 39 ATMs, 35 are full-service ATMs and four are cash dispensing only ATMs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. There are no ATMs located in the low-income geographies, and there are three ATMs located in moderate-income geographies. The percentage of ATMs located in moderate-income geographies exceeds the percentage of the population located in these geographies.

NPB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, NPB opened one branch in a middle-income geography and one branch in an upper-income geography. There were no branches acquired or closed in this AA. There were ATMs opened at the two new branches, but no ATMs were closed or acquired in this AA.

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Services offered are comparable among locations regardless of the income level of the geography. Thirty nine branches have extended hours of operation at least one day a week and four of these branches are located in moderate-income geographies. Thirty five branches offer Saturday hours, and two branches offer Sunday hours. Thirty five branches offer drive-through services, and twenty one of the drive-through locations also offer extended hours.

All of the branches offer a full line of traditional banking products and services. NPB offers a variety of checking account products and loan products to serve the needs of its community, including low- and moderate-income individuals. In particular, NPB has one checking account product that assists low- and moderate-income individuals maintain regular checking accounts. It is the Free Checking Account product that has no minimum monthly balance, no monthly

service fees, and free online banking and bill payment. In addition, NPB established a relationship with the Bucks County Opportunity Council whereby the bank supports savings accounts for their clients enrolled in Pennsylvania's matched savings program for low-income individuals. During the evaluation period, thirty three savings accounts were opened under this program.

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

## **Community Development Services**

NPB's performance in providing community development services is excellent in the Philadelphia, PA MD 37964.

### **Philadelphia, PA MD 37964**

NPB is a leader in providing community development services within this AA. Bank management and employees provide financial and technical expertise through their direct involvement with ten separate and qualified community development organizations, through their participation in numerous workshops, presentations, and seminars, and by assisting community development organizations with their marketing. In addition, management is active in helping individuals apply for loans or grants under the Federal Home Loan Bank's (FHLB) First Front Door Grant Program. Their community development services are responsive to the community development needs of the AA and focus on small businesses, economic development, affordable housing for low- and moderate-income individuals, and community services targeted to low- and moderate-income individuals. The following details the community development services that were provided during the evaluation period:

- The Senior Vice President (SVP) of CRA is a Board member for a non-profit organization that provides community services to low- and moderate-income individuals. As a Board member, she provided financial and technical expertise by reviewing financials and by making a proposal to provide educational programs to persons interested in obtaining information on starting a new business.
- One employee provides financial and technical expertise by serving on the Board of Directors and the Finance Committee for an organization that provides housing and community services for low- and moderate-income individuals and families.
- One employee provides financial and technical expertise by serving as a Board member for a non-profit organization that supports affordable housing projects for low- and moderate-income individuals and families. As a Board member, this employee reviews and approves homeowner applications and provides expertise on loan documentation forms and processes.
- The SVP of CRA served on the Board of Directors for a non-profit organization that provides legal and technical assistance to non-profit organizations, community-based



groups, and resident groups engaged in developing housing and economic opportunities for low-income persons as well as revitalizing their communities.

- The SVP of Commercial Lending provides financial and technical expertise by serving on the Loan Review Committee for two organizations that provide low-interest loans to small businesses and provide financing to help businesses create and retain jobs. As a member of the two Loan Review Committees, the employee reviewed loan requests against underwriting guidelines.
- One employee was a member of the Fund Development Committee and the Board of Directors for a non-profit organization that provides community services to low- and moderate-income Hispanics and other underserved individuals in the Chester County area. As a member of the Fund Development Committee, this employee provided financial and technical expertise regarding cash management options to maximize the organization's earnings. In addition, the employee provided financial and technical expertise to the Board of Directors during the construction of the organization's new building by making financing recommendations and providing guidance on interest rates and loan terms.
- One employee serves on the Board of Directors for an organization that provides community services to low-income children. This person provided education on the loan underwriting process, provided guidance on a loan application, and assisted the organization with marketing and advertising.
- One employee provides financial and technical expertise to an organization that provides programs that benefit low-income households, working families, and minority-owned businesses and strengthens nonprofit organizations in the urban community. This employee served on the Community and Economic Development Committee and provided training and educational information on home purchase and home improvement loan programs offered or supported in conjunction with this organization.
- Two employees provided financial and technical expertise by serving on the Board of Directors for an organization that promotes and facilitates community revitalization through the financing of, and investment in, housing and community development activities that address the needs of low- and moderate-income persons and areas throughout the assessment area. One of the two employees also serves on the Loan Administration Committee for this organization.
- A SVP served on the Board of Directors for a Small Business Investment Company (SBIC). As a Board member, she provided financial and technical expertise by reviewing the investments made by the SBIC on a quarterly basis, assessing the status of the investments, making recommendations for enhancement, and assessing the financial status of the business(es) in which the SBIC makes an investment.
- Two bank employees provided six first time homebuyers classes for low- and moderate-income individuals and families. The classes were sponsored by four different non-profit organizations that support affordable housing programs for low- and moderate-income individuals and families. The classes included information on the loan

application process, income qualification documents, the importance of credit history, homeowner's insurance, down payment and closing cost assistance, the various mortgage financing options, and selecting a mortgage product.

- Several bank employees provided financial and technical expertise by participating in eight different financial education workshops. The workshops were sponsored by an organization that provides affordable housing programs to low- and moderate-income individuals. The bank employees presented information on checking accounts, identity theft, budgeting, types of credit, credit reports, financing options, available grant programs, and homeownership affordability.
- One employee presented several seminars at a local non-profit organization that supports small business initiatives and training. The seminars focused on the basics of small business credit, SBA financing basics, and SBA loan programs.
- Several bank employees presented information on credit and identity theft at a class that was sponsored by an organization that supports community development services for low- and moderate-income children.
- One employee presented a seminar on the basics of banking to low- and moderate-income residents of a transitional home that is located in a low-income census tract.
- A SVP used his financial and technical expertise to present two classes in a nine week program to small start-up businesses. The small business development program was sponsored by a local small business incubator and the class presentations consisted of financial planning and sales projections, capital and fundraising.
- NPB's marketing group provided their technical expertise to two non-profit organizations that provide affordable housing to low- and moderate-income individuals and families. NPB's marketing group designed and produced the marketing and registration materials for the organization's financial and educational program as well as the homebuyer training program for low- and moderate-income individuals and families. The marketing group also designed the agency brochure for one of the organizations.
- NPB participates in the FHLB's First Front Door grant assistance program. This program provides a grant to lower income first-time homebuyers for their use towards down payment and/or closing costs. Eighteen grants were extended in this AA during the evaluation period. As a participant, bank employees complete and submit grant applications under the program. In particular, NPB employees complete a needs assessment form to determine the amount of eligible assistance prior to grant distribution and prepare the Note and Subordinate Mortgage for each grant recipient. After settlement, bank representatives prepare a funds distribution request and submit this to the FHLB for reimbursement. Each grant is monitored until it is repaid or is fully forgiven after five years. No fees are charged in connection with the grant and, as a condition of participation, the bank must offer concessions on the first mortgage loan provided in connection with the grant.

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

Based on a limited-scope review, the bank's performance under the service test in the Wilmington, DE-MD-NJ MD 48864 is weaker than the bank's overall "Outstanding" performance under service test in the Philadelphia-Camden-Wilmington Multistate Metropolitan Area. NPB's performance in this AA is based on its distribution of branches by income level and the bank's record of opening and closing branches. NPB's performance is weaker because there is only one branch in this AA, and NPB's delivery systems are considered reasonably accessible to geographies and individuals of different income levels in this AA.

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

## State Rating

### State of Pennsylvania

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

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

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

**The service test is rated: Outstanding**

The major factors that support this rating include:

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

---

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

## Description of Institution's Operations in Pennsylvania

NPB has eight AAs within the state of Pennsylvania. They include the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 AA, Reading, PA MSA 39740 AA, Lancaster, PA MSA 29540 AA, Scranton-Wilkes-Barre, PA MSA 42540 AA, State College, PA MSA 44300 AA, Schuylkill County, Non-MSA AA, Monroe County, Non-MSA AA, and the York-Hanover, PA MSA 49620 AA.

NPB has 85 branches within the state of Pennsylvania, which represents 64% of the bank's total branch network. Approximately 68% of the bank's total deposits are within the state of Pennsylvania. Based on the June 30, 2009 FDIC Summary of Deposit data, NPB ranked second out of 78 institutions in the state of Pennsylvania with a 9.81% deposit market share. The bank's primary competitors are Wachovia Bank, NA, PNC Bank, NA, and Manufacturers & Traders Trust Co. During the evaluation period, NPB originated 75% of its total HMDA and 56% of its total small business loan volume within the state of Pennsylvania.

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

## Scope of Evaluation in Pennsylvania

The state of Pennsylvania rating is based primarily on those areas that received full-scope reviews. In each state where the bank has an office, a sample of AAs within the state was selected for a full-scope review. We conducted full scope reviews of the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 AA and the Reading, PA MSA 39740 AA because 69% of NPB's PA branches are located in these two AAs, 65% of NPB's home mortgage lending in the state of PA originated within these two AAs, and 56% of NPB's small business lending in the state of PA originated within these two AAs.

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

We conducted a full scope review of the Allentown-Bethlehem-Easton, PA-NJ MSA 10900. NPB has 39 branches in this AA. In the state of PA, approximately 37% of the bank's deposits, 38% of the bank's home mortgage lending, and 24% of the bank's small loans to businesses were originated in this AA. In evaluating the bank's lending performance in this AA, home mortgage loans received more weight than small loans to businesses. Approximately 82% of the loans originated from 1/1/07 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 18%. For the Lending, Investment and Service Tests, slightly more weight was placed on this AA.

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

We conducted a full scope review of the Reading, PA MSA 39740. NPB has 20 branches in this AA. In the state of PA, approximately 36% of the bank's deposits, 27% of the bank's home mortgage lending, and 32% of the bank's small loans to businesses were originated in this AA. In evaluating the bank's lending performance in this AA, home mortgage loans received more weight than small loans to businesses. Approximately 70% of the loans originated from

1/1/07 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 30%.

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

We conducted a limited scope review of the Lancaster, PA MSA 29540 because of bank's limited presence and limited deposit and lending activity in this AA. NPB has five branches in this AA. In the state of PA, approximately 7% of the bank's deposits, 12% of the bank's home mortgage lending, and approximately 26% of the bank's small loans to businesses were originated in this AA. This AA had a significant number and dollar volume of small loans to farms; therefore, an analysis of the bank's small loans to farms was performed and the bank's small loans to farms performance received the most weight in arriving at the lending test rating for this AA.

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

We conducted a limited scope review of this AA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has eight branches in this AA. In the state of PA, approximately 8% of the bank's deposits, 6% of the bank's home mortgage lending, and approximately 5% of the bank's small loans to businesses were originated in this AA. In evaluating the bank's lending performance in this AA, home mortgage loans received more weight than small loans to businesses. Approximately 78% of the loans originated from 1/1/08 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 22%. This AA was added in 2008 when NPB acquired KNBT; therefore, NPB's lending performance in this AA was evaluated from January 1, 2008 through December 31, 2009.

#### **State College, PA MSA 44300**

We conducted a limited scope review of this AA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has five branches in this AA. In the state of PA, approximately 8% of the bank's deposits, 11% of the bank's home mortgage lending, and approximately 9% of the bank's small loans to businesses were originated in this AA. In evaluating the bank's lending performance in this AA, home mortgage loans received more weight than small loans to businesses. Approximately 78% of the loans originated from 1/1/07 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 22%.

#### **Schuylkill County, Non-MSA**

We conducted a limited scope review of this AA because of bank's limited presence and limited deposit and lending activity in this AA. NPB has four branches in this AA. In the state of PA, approximately 2% of the bank's deposits, 3% of the bank's home mortgage lending, and approximately 2% of the bank's small loans to businesses were originated in this AA. In evaluating the bank's lending performance in this AA, home mortgage loans received more weight than small loans to businesses. Approximately 79% of the loans originated from 1/1/08 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 21%. This AA was added in 2008 when NPB acquired KNBT; therefore, NPB's lending performance in this AA was evaluated from January 1, 2008 through December 31, 2009.

**Monroe County, Non-MSA**

We conducted a limited scope review of this AA because of bank’s limited presence and limited deposit and lending activity in this AA. NPB has three branches in this AA. In the state of PA, approximately 2% of the bank’s deposits, 2% of the bank’s home mortgage lending, and approximately 1% of the bank’s small loans to businesses were originated in this AA. In evaluating the bank’s lending performance in this AA, home mortgage loans received more weight than small loans to businesses. Approximately 86% of the loans originated from 1/1/08 – 12/31/09 were home mortgage loans, with small loans to businesses accounting for the remaining 14%. This AA was added in 2008 when NPB acquired KNBT; therefore, NPB’s lending performance in this AA was evaluated from January 1, 2008 through December 31, 2009.

**York-Hanover, PA MSA 49620.**

We conducted a limited scope review of this AA because of bank’s limited presence, and limited deposit and lending activity in this AA. There is one private banking branch in this AA. There are no deposits in this AA. Less than 1% of the bank’s home mortgage loans and less than 1% of the bank’s small loans to businesses were originated in this AA. This AA was added in July 2007 when the private banking branch was opened. Considering the limited presence in this AA and the limited lending activity, an analysis of the bank’s lending performance in this AA would not be meaningful and was not performed. In addition, the Investment and Service tests were not performed in this AA due to the bank’s limited presence in this AA.

**Community Contact**

We conducted two community contacts during this evaluation to identify community development needs and opportunities within the Allentown-Bethlehem-Easton, PA –NJ MSA 10900 and the Reading, PA MSA 39740. Refer to the Market Profile section in Appendix C for details.

**LENDING TEST**

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

The bank’s performance under the lending test in Pennsylvania is rated High Satisfactory. Based on full-scope reviews, the bank’s performance in the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 and the Reading, PA MSA 39740 AA is good.

**Lending Activity**

Overall, NPB’s lending activity was good, and the bank’s lending levels reflect good responsiveness to the credit needs of the community.

Refer to Tables 1 Lending Volume in the state of Pennsylvania section of Appendix D for the facts and data used to evaluate the bank’s lending activity.

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

NPB's lending activity in the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 is good, and the bank's lending levels reflect good responsiveness to the credit needs of the community. NPB has 39 branches in this AA and approximately 25% of the bank's total deposits were in this AA. According to the June 30, 2009 FDIC Summary of Deposit Market Share report, NPB had an 11.89% deposit market share in the Allentown-Bethlehem-Easton, PA-NJ MSA 10900, ranking it 2<sup>nd</sup> among 31 institutions. Major competitors are: Wachovia Bank, NA, ranked 1<sup>st</sup> with a 23.10% deposit market share, PNC Bank, NA, ranked 3<sup>rd</sup> with a 10.36% deposit market share, Lafayette Ambassador Bank, ranked 4<sup>th</sup> with a 7.79% deposit market share, and Bank of America, NA, ranked 5<sup>th</sup> with a 5.81% deposit market share. NPB's lending market share is compared to its deposit market share within this AA.

During the evaluation period, NPB originated approximately 24% of all home mortgage and small loans to businesses in this AA. Approximately 29% of all home mortgage loans and 14% of all small loans to businesses were originated in this AA. Of the total loans originated in this AA, 82% of the loans were home mortgage loans and 18% were small loans to businesses. Among home mortgage originations in this AA, 26% were home purchase loans, 24% were home improvement loans, and 50% were home refinance loans.

The 2008 market share data for all mortgage data indicates NPB ranked 6<sup>th</sup> out of 433 mortgage lenders with a market share of 4.02%. Based on the same 2008 market share data, NPB ranked 7<sup>th</sup> out of 281 lenders in the AA with a 2.52% market share in home purchase lending, 1<sup>st</sup> out of 126 lenders in the AA with an 11.13% market share in home improvement lending, and 6<sup>th</sup> out of 328 lenders in the AA with a 3.54% market share in home refinance lending. Although the bank's market share in home purchase, home improvement, and home refinance lending is below the bank's deposit market share in this AA, NPB's performance is good when considering the competition from larger regional and nationwide mortgage lenders.

Based on the 2008 CRA aggregating data, NPB ranked 15<sup>th</sup> out of 81 lenders in the AA with a market share of 1.20%. This performance is good when considering the top three lenders have a combined market share of 48.03% and they are large, nationwide lenders that offer small business credit cards.

**Reading, PA MSA 39740**

NPB's lending activity in the Reading, PA MSA 39740 AA is good, and the bank's lending levels reflect good responsiveness to the credit needs of the community. NPB has 20 branches in this AA and 25% of the bank's total deposits were in this AA. According to the June 30, 2009 FDIC Summary of Deposit Market Share report, NPB had a 22.03% deposit market share in the Reading, PA MSA 39740, ranking it 1<sup>st</sup> among 20 institutions. Major competitors are: Sovereign Bank, ranked 2<sup>nd</sup> with a 21.00% deposit market share, Wachovia Bank, NA, ranked 3<sup>rd</sup> with a 13.34% deposit market share, Vist Bank, ranked 4<sup>th</sup> with a 9.10% deposit market share, and Manufacturers & Traders Trust Co., ranked 5<sup>th</sup> with a 6.71% deposit market share.

During the evaluation period, NPB originated approximately 19% of all home mortgage and small loans to businesses in this AA. Approximately 20% of all home mortgage loans and 18% of all small loans to businesses were originated in this AA. Of the total loans originated in this



AA, 70% of the loans were home mortgage loans and 30% were small loans to businesses. Among home mortgage originations in this AA, 19% were home purchase loans, 31% were home improvement loans, and 50% were home refinance loans.

The 2008 market share data for all mortgage data indicates NPB ranked 8<sup>th</sup> out of 338 mortgage lenders in the AA with a market share of 3.74%. Based on the same 2008 market share data, NPB ranked 13<sup>th</sup> out of 206 lenders in the AA with a 1.91% market share in home purchase lending, 1<sup>st</sup> out of 98 lenders in the AA with a 11.18% market share in home improvement lending, and 7<sup>th</sup> out of 256 lenders in the AA with a 3.65% market share in home refinance lending. Although the bank's market share in home purchase, home improvement, and home refinance lending is below the bank's deposit market share in this AA, NPB's performance is good when considering the competition from larger regional and nationwide mortgage lenders.

Based on the 2008 CRA aggregating data, NPB ranked 15<sup>th</sup> out of 67 lenders in the AA with a market share of 2.21%. This performance is good when considering the top three lenders had a combined market share of 44.73% and they are large, nationwide lenders that offer small business credit cards.

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

Overall, the distribution of home mortgage loans by income level of the geography is good, and the distribution of small loans to businesses by income level of the geography is adequate.

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

The geographic distribution of home mortgage loans is good, and the geographic distribution of small loans to businesses is good.

In our analysis, we took into consideration there were only 2,405 owner-occupied housing units located in the low-income geographies. Furthermore, the opportunities to originate home mortgage loans in the low-income geographies were limited by the percentage of low- and moderate-income families residing in low-income geographies. Approximately 79% of the families residing in low-income geographies are low- and moderate-income families. Additionally, approximately 60% of the families residing in moderate-income geographies are low- and moderate-income families. We also took into consideration there were only 2,236 businesses located in low-income geographies in this AA. Therefore, the opportunities to lend in low-income geographies were limited, especially when considering the competition from other financial institutions.

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

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

#### ***Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. The percentage of home purchase lending in low-income geographies exceeds the percentage of owner-occupied

housing units in these geographies. NPB's market share of home purchase lending in low-income geographies exceeds its overall market share in home purchase lending. NPB ranked 2<sup>nd</sup> out of 50 lenders in home purchase lending in low-income geographies.

The percentage of home purchase lending in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home purchase lending in moderate-income geographies is near to its overall market share in home purchase lending.

### **Home Improvement Lending**

The geographic distribution of home improvement lending is good. The percentage of home improvement lending in low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in low-income geographies exceeds its overall market share in home improvement lending. NPB ranked 2<sup>nd</sup> out of 15 lenders in home improvement lending in low-income geographies.

The percentage of home improvement lending in moderate-income geographies is lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in moderate-income geographies is lower than its overall market share in home improvement lending. However, NPB ranked 1<sup>st</sup> out of 72 lenders in home improvement lending in moderate-income geographies.

### **Home Refinance Lending**

The geographic distribution of home refinance lending is adequate. The percentage of home refinance lending in low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home refinance lending in low-income geographies exceeds its overall market share in home refinance lending. NPB ranked 3<sup>rd</sup> out of 53 lenders in home refinance lending in low-income geographies.

The percentage of home refinance lending in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home refinance lending in moderate-income geographies is somewhat lower than its overall market share in home refinance lending. NPB ranked 9<sup>th</sup> out of 198 lenders in home refinance lending in moderate-income geographies.

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

Refer to Table 6 in the state of Pennsylvania section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/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 is near to the percentage of businesses located in low-income geographies. NPB's market share of small loans to businesses in low-income geographies exceeds its overall market share.

The percentage of small loans to businesses in moderate-income geographies is somewhat lower than the percentage of businesses located in the moderate-income geographies. NPB's market share of small loans to businesses in moderate-income geographies is near to its overall market share.

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

The geographic distribution of home mortgage loans is good, and the geographic distribution of small loans to businesses is adequate.

In our analysis, we took into consideration there were only 3,151 owner-occupied housing units located in the low-income geographies in this AA. Furthermore, the opportunities to originate home mortgage loans in low-income geographies were limited based on the percentage of low- and moderate-income families residing within the low-income geographies.

Approximately 77% of the families residing in low-income geographies are low- and moderate-income families. Additionally, approximately 63% of the families residing in moderate-income geographies are low- and moderate-income families. We also took into consideration that there were only 2,107 businesses in the low-income geographies in this AA. Therefore, NPB's opportunities to lend in low-income geographies are limited, especially when considering the competition from other financial institutions.

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

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

### ***Home Purchase Lending***

The geographic distribution of home purchase lending is excellent. The percentage of home purchase lending in low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. NPB's market share of home purchase lending in low-income geographies is near to its overall market share in home purchase lending.

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

### ***Home Improvement Lending***

The geographic distribution of home improvement lending is good. The percentage of home improvement lending in low-income geographies is somewhat lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in low-income geographies is significantly lower than its overall market share in home improvement lending.

The percentage of home improvement lending in moderate-income geographies is near to the percentage of owner-occupied housing units in these geographies. NPB's market share of home improvement lending in moderate-income geographies is lower than its overall market share in home improvement lending. However, NPB ranked 3<sup>rd</sup> out of 31 lenders in home improvement lending in moderate-income geographies.

### ***Home Refinance Lending***

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

income geographies is somewhat lower than its overall market share in home refinance lending.

The percentage of home refinance lending in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units in these geographies. NPB's market share of home refinance lending in moderate-income geographies is lower than its overall market share in home refinance lending.

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

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

The geographic distribution of small loans to businesses is adequate. The percentage of small loans to businesses in low-income geographies is somewhat lower than the percentage of businesses located in low-income geographies. NPB's market share of small loans to businesses in low-income geographies exceeds its overall market share.

The percentage of small loans to businesses in moderate-income geographies is lower than the percentage of businesses located in the moderate-income geographies. NPB's market share of small loans to businesses in moderate-income geographies is somewhat lower than its overall market share.

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

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

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

This portion of the evaluation was performed at the bank level. NPB originated a substantial majority of its loans in their combined assessment areas. During the evaluation period, 90% of the number and 84% of the dollar amount of total home mortgage and small loans to businesses were originated within the bank's assessment area. NPB originated 88% of the number and 80% of the dollar amount of total HMDA loans within its combined AAs. The number and dollar amount of home mortgage loans originated in the AAs by product type are as follows: 88% of the number and 85% of the dollar amount of home purchase loans, 79% of the number and 95% of the dollar amount of home improvement loans, and 93% of the number and 88% of the dollar amount of home refinance loans. Regarding small loans to businesses, 93% of the number and 90% of the dollar amount of total originations were within the bank's combined AA. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The distribution of home mortgage loans by income level of the borrower is good, and the distribution of small loans to businesses by income level of the borrower is adequate.

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

NPB's distribution of home mortgage loans by borrower income level is good, and NPB's distribution of small loans to small businesses is adequate.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in this AA is \$109,923, and a low-income family earns less than \$35,000. Additionally, 20,987 or 8.49% of the households in this AA are below the poverty level and are considered very low-income. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families.

***Home Mortgage Loans***

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

***Home Purchase Lending***

The borrower distribution for home purchase lending is good. The percentage of home purchase lending to low-income borrowers is lower than the percentage of low-income families in the AA. NPB's market share of home purchase loans to low-income borrowers exceeds its overall market share of home purchase loans. NPB ranked 6<sup>th</sup> out of 99 lenders in home purchase lending to low-income borrowers.

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

***Home Improvement Lending***

The borrower distribution for home improvement lending is good. The percentage of home improvement lending to low-income borrowers is lower than the percentage of low-income families in the AA. NPB's market share of home improvement loans to low-income borrowers is somewhat lower than its overall market share of home improvement loans. However, NPB ranked 2<sup>nd</sup> out of 49 lenders in home improvement lending to low-income borrowers.

The percentage of home improvement lending to moderate-income borrowers slightly exceeds the percentage of moderate-income families in the AA. NPB's market share of home improvement loans to moderate-income borrowers is somewhat lower than its overall market share of home improvement loans. However, NPB ranked 2<sup>nd</sup> out of 67 lenders in home improvement lending to moderate-income borrowers.

***Home Refinance Lending***

The borrower distribution for home refinance lending is adequate. The percentage of home refinance lending to low-income borrowers is significantly lower than the percentage of low-income families in the AA. NPB's market share of home refinance loans to low-income borrowers exceeds its overall market share of home refinance loans. NPB ranked 4<sup>th</sup> out of 115 lenders in home refinance lending to low-income borrowers.

The percentage of home refinance lending to moderate-income borrowers is somewhat lower than the percentage of moderate-income families in the AA. NPB's market share of home refinance loans to moderate-income borrowers is somewhat lower than its overall market share of home refinance loans. NPB ranked 6<sup>th</sup> out of 188 lenders in home refinance lending to moderate-income borrowers.

***Small Loans to Businesses***

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

The borrower distribution of small loans to businesses is adequate when considering the strong competition from larger, nationwide lenders that offer small business credit cards and the bank's market share position in relation to these large, nationwide lenders. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is significantly lower than the percentage of small businesses in the AA. NPB's market share of lending to small businesses exceeds its overall market share. NPB ranked 14<sup>th</sup> out of 81 lenders in the AA with a 1.67% market share in lending to small businesses. The distribution by size of loan shows that approximately 47% of the loan originations are for \$100,000 or less, which indicates NPB is lending to small businesses.

**Reading, PA MSA 39740**

NPB's distribution of home mortgage loans by borrower income level is good, and NPB's distribution of small loans to small businesses is adequate

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in this AA was \$99,209, and a low-income family earns less than \$32,900. Additionally, 12,463 or 8.80% of the households in this AA are below the poverty level and are considered very low-income. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low-income families.

***Home Mortgage Loans***

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

***Home Purchase Lending***

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

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

### **Home Improvement Lending**

The borrower distribution for home improvement lending is good. The percentage of home improvement lending to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. NPB's market share of home improvement loans to low-income borrowers exceeds its overall market share of home improvement loans. NPB ranked 2<sup>nd</sup> out of 29 lenders in home improvement lending to low-income borrowers.

The percentage of home improvement lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home improvement loans to moderate-income borrowers exceeds its overall market share of home improvement loans. NPB ranked 1<sup>st</sup> out of 51 lenders in home improvement lending to moderate-income borrowers.

### **Home Refinance Lending**

The borrower distribution for home refinance lending is good. The percentage of home refinance lending to low-income borrowers is significantly lower than the percentage of low-income families in the AA. NPB's market share of home refinance loans to low-income borrowers exceeds its overall market share of home refinance loans. NPB ranked 3<sup>rd</sup> out of 78 lenders in home refinance lending to low-income borrowers.

The percentage of home refinance lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. NPB's market share of home refinance loans to moderate-income borrowers exceeds its overall market share of home refinance loans. NPB ranked 5<sup>th</sup> out of 130 lenders in home refinance lending to moderate-income borrowers.

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

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

The borrower distribution of small loans to businesses is adequate when considering the strong competition from larger, nationwide lenders that offer small business credit cards and the bank's market share position in relation to these large, nationwide lenders. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is significantly lower than the percentage of small businesses in the AA. NPB's market share of lending to small businesses exceeds its overall market share. The distribution by size of loan shows that approximately 45% of the loan originations are for \$100,000 or less, which indicates NPB is lending to small businesses.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Pennsylvania section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

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

Community development lending had a positive impact on the lending test for the Allentown-Bethlehem-Easton, PA-NJ MSA 10900, and the originated loans were responsive to the needs of the AA. During the evaluation period, NPB originated ten qualified community development loans totaling \$8.1 million.

- During the evaluation period, NPB originated a \$1.3 million loan to an organization that provides community services, such as education, WIC, and HIV/AIDS prevention, to primarily low- and moderate-income individuals. The loan was to purchase and rehab a new facility that will be used primarily by low- and moderate-income individuals in the Allentown area.
- A \$50 thousand working capital line of credit was extended to a non-profit certified development corporation whose mission is to revitalize and stabilize downtown Easton by supporting small businesses and creating and retaining employment for low- and moderate-income individuals.
- NPB extended a \$584 thousand construction loan to a non-profit organization that provides affordable housing for low- and moderate-income people in south Bethlehem. The funds were used to finance the construction of four town homes to be sold to low- and moderate-income individuals.
- NPB originated a \$440 thousand loan to a local non-profit housing authority that manages low-income housing programs. The funds were used to purchase a 32 unit low-income apartment project from a local development corporation.
- A \$20 thousand line of credit was extended to a non-profit organization that provides community service to low- and moderate-income children and operates an emergency food bank and clothing bank for low- and moderate-income individuals. The loan proceeds were used as working capital to support to the daily operations of the organization.
- A \$150 thousand line of credit was extended to a non-profit organization that is located in a moderate-income census tract. The organization provides community services, such as emergency assistance and food assistance through its food pantry, to low- and moderate-income individuals and families. The funds of this loan were used as working capital to support the daily operations of the organization.
- During the evaluation period, NPB extended a line of credit for \$150 thousand to a non-profit organization that provides low-interest loans to small business owners in low-income areas, micro-enterprise loans, working capital loans and lines of credit and business training to low-income entrepreneurs in urban communities located in the Lehigh Valley. They also provide extensive business development technical assistance to improve the economic self-sufficiency of low-income borrowers. The line was used to fund community development targeted small business loans.



- During the evaluation period, NPB extended a \$1 million loan to a group of real estate investors who invest in residential and mixed-use properties in the Allentown area. The funds were used to purchase and renovate three residential and mixed-use buildings. The buildings are located in an area that has been targeted by the Allentown Economic Development Plan for revitalization and stabilization. The project will help stabilize and revitalize the area by retaining and attracting new businesses and creating affordable housing for low- and moderate-income individuals.
- During the evaluation period, NPB originated a \$1.6 million bridge loan and a \$2.7 million permanent mortgage loan to a wholesale furniture manufacturer that specializes in hospitality and institutional projects. The \$1.6 million was bridge financing to allow for the completion of the Pennsylvania Industrial Development Authority financing, and the \$2.7 million was used to purchase commercial real estate for the manufacturing facility that is relocating to an Enterprise Zone. The relocation of this facility revitalizes the area and creates and retains employment opportunities for low- and moderate-income individuals.

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

Community development loans had a positive impact on the lending test for the Reading, PA MSA 39740, and the originated loans were responsive to the needs of the AA. During the evaluation period, NPB originated five qualified community development loans for a total of \$1.9 million.

- NPB originated a \$100 thousand line of credit and then renewed this line of credit two times during the evaluation period. In addition, NPB originated an \$800 thousand line of credit and renewed this line of credit one time during the evaluation period. These lines of credit were extended to a multi-service organization that provides emergency and transitional housing for the homeless and child care to low- and moderate-income families.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the lending test conclusion for the state of Pennsylvania.

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

Product innovation and flexibility had a positive impact on the lending test conclusion for the Allentown-Bethlehem-Easton, PA-NJ MSA 10900. NPB offers the following specialized home mortgage loan and home improvement financing programs.

The Community Home Buyer Program is a flexible home buyer program targeted to low- and moderate-income borrowers. This loan program provides up to 100% financing for low- and moderate-income first-time homebuyers purchasing homes in low- and moderate-income areas and up to 95% financing for low- and moderate-income first-time homebuyers purchasing homes in other areas. During the evaluation period, NPB made 88 loans for approximately \$8 million under this loan program.

In early 2009, the FHLB of Pittsburgh suspended its First Front Door grant program, a program that provided matching funds to lower income first-time homebuyers to cover down payment and closing costs. In response, NPB developed a subordinate second lien loan program that provides flexible terms. NPB will disburse up to \$5 thousand at a rate of 3.25% to low- and moderate-income homebuyers that could be partnered with the Community Home Buyer Program or FHA financing. During the evaluation period, NPB made two loans for a total of \$10 thousand under this loan program.

NPB offers a Homeowner Assistance Program for distressed borrowers. A majority of the borrowers under this program are low- and moderate-income. The purpose of this program is to modify the terms of residential first lien home mortgage and home equity loans for borrowers who are in danger of losing their homes due to economic hardship. The program is based on the *Making Home Affordable* guidelines released by the Department of the Treasury. The bank's program provides uniformity and consistency in providing long term solutions to enable borrowers to remain in their home and avoid foreclosure during these unprecedented economic times. The ultimate objective of this program is to convert troubled residential mortgage assets into performing loans. The loan program is offered from March 2009 through December 31, 2012. During the evaluation period, 35 low- and moderate-income borrowers benefited from this program.

The Neighborhood Plus mortgage loan program is targeted to low- and moderate-income borrowers. This loan program provides up to 97% financing for low- and moderate-income homebuyers. However, the homebuyers do not need to be first-time homebuyers. The program requires Private Mortgage Insurance for loans in excess of 80%. Due to the current PMI requirements, the loan program is currently inactive. However, during the evaluation period, NPB made 1 loan for a total of \$100 thousand under this loan program.

NPB has partnered with Ways to Work, a unique Community Development Financial Institution that provides small, short term, low-interest loans to low-income families with challenging credit histories. While not a home mortgage product, this loan program is an alternative to predatory lenders for people with demonstrated commitment to achieving increased self-sufficiency and is responsive to an identified community need in this AA. Through this partnership, NPB made 111 loans for approximately \$381 thousand to low-income families who lack access to fairly priced loans from traditional lenders because they have poor or no credit history.

**Reading, PA MSA 39740**

Product innovation and flexibility had a positive impact on the lending test conclusion for the Reading, PA MSA 39740. NPB offers the following specialized home mortgage loan and home improvement financing programs.

The Target Mortgage program is targeted at cities and towns with low- and moderate-income census tracts in the bank's AA. The program provides flexible underwriting such as 100% financing with no Private Mortgage Insurance. The bank fees are less than the standard market rate fees for underwriting and document preparation. During the evaluation period, NPB made 13 loans for a total of \$802 thousand under this loan program.

The Community Home Buyer Program is a flexible home buyer program targeted to low- and moderate-income borrowers. This loan program provides up to 100% financing for low- and moderate-income first-time homebuyers purchasing homes in low- and moderate-income areas and up to 95% financing for low- and moderate-income first-time homebuyers purchasing homes in other areas. During the evaluation period, NPB made 3 loans for approximately \$126 thousand under this loan program.

The Share Mortgage program is offered in conjunction with the Neighborhood Housing Services of Greater Berks (NHS). It provides low cost, flexible first mortgage financing in conjunction with secondary financing provided by NHS. This program was available to low- and moderate-income first-time homebuyers purchasing homes in Berks County. The program has been eliminated and replaced with the Community Home Buyer Program. During the evaluation period, NPB made 13 loans for a total of \$660 thousand under this loan program.

NPB also participates with NHS in a Home Purchase Loan Program. NHS targets low- and moderate-income homebuyers as well as low- and moderate-income areas in the bank's AA. Under this program, NHS provides subordinate lien home purchase mortgage financing to low- or moderate-income first-time homebuyers purchasing homes in Berks County. In order for this program to be successful, NHS sells these loans in order to recapitalize their loan funds. During the evaluation period, NPB purchased 24 loans for a total of \$126 thousand from NHS.

In 2004, NPB started a Special Home Improvement Loan Program with NHS in response to an identified community need. The underwriting guidelines for this program are flexible. Borrowers are able to obtain a maximum amount of \$5 thousand at a rate of 3% and the loan is unsecured. NHS sends out a rehab specialist to assist the borrowers in reviewing the rehab contract and the rehab specialist is responsible for assessing and ensuring the home improvements are completed. During the evaluation period, NPB made 38 loans for a total of \$131 thousand under this loan program.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Lancaster, PA MSA 29540 AA and the Schuylkill County, Non-MSA AA is not inconsistent with the bank's overall "High Satisfactory" performance under the lending test in the state of Pennsylvania.

In the Scranton-Wilkes-Barre, PA MSA 42540 AA, the State College, PA MSA 44300 AA, and the Monroe County, Non-MSA AA, the bank's performance is weaker than the bank's overall "High Satisfactory" performance under the lending test in the state of Pennsylvania.

For the Scranton-Wilkes-Barre, PA MSA 42540 AA, NPB's geographic distribution performance for all home mortgage products was adequate and the geographic distribution of small loans to businesses was excellent. The borrower distribution for home purchase and home improvement loans was good. The borrower distribution for home refinance loans and for small loans to businesses was adequate. There were no community development loans in this AA. NPB's overall lending test performance in this AA is adequate. The weaker performance had minimal impact on the overall lending rating.

For the State College, PA MSA 44300 AA, NPB's geographic distribution performance for all home mortgage products as well as for small loans to businesses was adequate. The borrower distribution for all home mortgage products as well as for small loans to small businesses was adequate. NPB originated two CD loans for a total of \$360 thousand in this AA. NPB's overall lending test performance in this AA is adequate. The weaker performance had minimal impact on the overall lending rating.

There were no low- or moderate-income geographies in the Monroe County, Non-MSA AA; therefore, the lending test rating was based on NPB's borrower distribution performance. The borrower distribution for home purchase, home improvement and small loans to small businesses was adequate. The borrower distribution for home refinance loans was good. Therefore, NPB's overall lending test performance in this AA is adequate. The weaker performance had very minimal impact on the overall lending rating.

Refer to the Tables 1 through 13 in the state of Pennsylvania section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in Pennsylvania is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 is good and in the Reading, PA MSA 39740 is adequate.

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

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

NPB has a good level of qualified investments and donations and exhibits a good responsiveness to credit and community economic development needs of the area.

Our community contact indicated there are investment opportunities available; however, NPB is competing with several larger multinational institutions for these investment opportunities. Furthermore, the availability of qualified investments, such as mortgage-backed securities, is limited and infrequent in number. All of NPB's qualified investments were responsive to the community needs identified through our community contact. None of the investments are considered innovative or complex in nature.

During the current evaluation period, NPB invested in two mortgage-backed securities (MBS) with a combined total of \$5.1 million that benefit three of NPB's AAs. Twenty-two mortgages, totaling \$3.4 million, were originated to low- or moderate-income individuals or families within the Philadelphia, PA MD 37964, eight mortgages, totaling \$1.1 million, were originated to low- or moderate-income individuals or families in the Allentown-Bethlehem-Easton, PA MSA 10900, and four mortgages, totaling \$617 thousand, were originated to low- or moderate-income individuals or families in the Reading, PA MSA 39740. This investment, in its entirety, is reflected on the statewide/regional investments table.

Additionally, NPB made 27 donations for approximately \$495 thousand to numerous community development organizations that provide economic development, affordable housing for low- and moderate-income individuals, or community services targeted to primarily low- and moderate-income individuals and families.

NPB also has two prior period investments that benefit this area. NPB has one prior period Low Income Housing Tax Credit (LIHTC) investment that benefits the Allentown-Bethlehem-Easton, PA MSA 10900, and it has a current book value of \$87 thousand. The other prior period investment is a LIHTC investment that benefits the Philadelphia, PA MD 37964, the Allentown-Bethlehem-Easton, PA MSA 10900 and the Reading, PA MSA 39740 AAs, and it has a current book value of \$1.1 million. This investment, in its entirety, is reflected on the statewide/regional investment table.

### **Statewide/Regional Investments**

NPB has invested in four different phases of a Small Business Investment Company (SBIC) that provides private equity capital and long term loan funds for small business operations. NPB made a \$2.5 million investment in the current evaluation period, and NPB made three investments in a prior evaluation period that have a combined current book value of \$8.6 million. All four of the investments benefit a broader statewide/regional area and they have the potential to benefit the bank's AAs. During the evaluation period, some of the businesses that received assistance from this SBIC have been located in NPB's AAs. These investments, in their entirety, are reflected on the statewide/regional investment table.

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

NPB has an adequate level of qualified investments and donations and exhibits an adequate responsiveness to credit and community economic development needs of the area.

Our community contact indicated there are investment opportunities available; however, NPB is competing with several larger multinational institutions for these investment opportunities. Furthermore, the availability of qualified investments, such as mortgage-backed securities, is limited and infrequent in number. All of NPB's qualified investments were responsive to the community needs identified through our community contact. None of the investments are considered innovative or complex in nature.

During the current evaluation period, NPB invested in two mortgage-backed securities (MBS) with a combined total of \$5.1 million that benefit three of NPB's AAs. Twenty-two mortgages, totaling \$3.4 million, were originated to low- or moderate-income individuals or families within the Philadelphia, PA MD 37964, eight mortgages, totaling \$1.1 million, were originated to low- or moderate-income individuals or families in the Allentown-Bethlehem-Easton, PA MSA 10900, and four mortgages, totaling \$617 thousand, were originated to low- or moderate-income individuals or families in the Reading, PA MSA 39740. This investment, in its entirety, is reflected on the statewide/regional investments table.

Additionally, NPB made 19 donations for approximately \$129 thousand to numerous community development organizations that provide economic development, affordable housing for low- and moderate-income individuals, or provide community services targeted to primarily low- and moderate-income individuals and families.

NPB also has five prior period investments that benefit this area. NPB has two prior period Low Income Housing Tax Credit (LIHTC) investments that directly benefit this AA, and they have a combined current book value of \$864 thousand. There is one prior period investment in a company that stabilizes low- to moderate-income areas in Reading, Pennsylvania, and it has a current book value of \$50 thousand. NPB has one prior period LIHTC investment that benefits the Philadelphia, PA MD 37964, the Allentown-Bethlehem-Easton, PA MSA 10900 and the Reading, PA MSA 39740 AAs, and it has a current book value of \$1.1 million. This investment, in its entirety, is reflected on the statewide/regional investment table. One prior period investment is a MBS that benefits the Philadelphia, PA MD 37964 and the Reading, PA MSA 39740 AAs, and this investment has a current book value of \$555 million. This investment, in its entirety, is reflected on the statewide/regional investment table.

**Statewide/Regional Investments**

NPB has invested in four different phases of a Small Business Investment Company (SBIC) that provides private equity capital and long term loan funds for small business operations. NPB made a \$2.5 million investment in the current evaluation period, and NPB made three investments in a prior evaluation period that have a combined current book value of \$8.6 million. All four of the investments benefit a broader statewide/regional area and they have the potential to benefit the bank’s AAs. During the evaluation period, some of the businesses that received assistance from this SBIC have been located in NPB’s AAs. These investments, in their entirety, are reflected on the statewide/regional investment table.

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

Based on limited-scope reviews, the bank’s performance under the investment test in the Schuylkill County, Non-MSA is not inconsistent with the bank’s overall “High Satisfactory” performance under the investment test in the state of Pennsylvania. In the Lancaster, PA MSA 29540, the State College, PA MSA 44300, the Scranton-Wilkes-Barre, PA MSA 42540, and the Monroe County, Non-MSA, the bank’s performance is weaker than the bank’s overall performance in the state. The weaker performance in these AAs is a result of no investments in the AAs and minimal donations in these AAs. The weaker performance had some impact on the overall investment test rating.

Refer to the Table 14 in the state of Pennsylvania section of Appendix D for the facts and data that support these conclusions.

**SERVICE TEST**

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

The bank’s performance under the service test in Pennsylvania is rated Outstanding. Based on full-scope reviews, the bank’s performance in the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 AA is excellent and in the Reading, PA MSA 39740 AA is good.

## Retail Banking Services

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

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

NPB's delivery systems are accessible to geographies and individuals of different income levels. NPB operates 39 of its 133 branches in this AA. One branch is located in a low-income geography, six branches are located in moderate-income geographies, 16 branches are located in middle-income geographies, and 16 branches are located in upper-income geographies.

The percentage of branches located in low-income geographies is somewhat lower than to the percentage of the population located in these geographies. However, there is one middle-income branch that is contiguous to a low-income geography. The percentage of branches located in moderate-income geographies is lower than the percentage of the population located in these geographies. However, there is one branch located in a moderate-income geography that can service an adjacent moderate-income geography, and there are three branches located in middle-income geographies that are in close proximity to and can service five moderate-income geographies. These branches allow delivery systems to be accessible to essentially all portions of the AA.

In addition to the branches, NPB offers alternative delivery systems in the form of ATMs. NPB has 48 ATMs within this AA. Forty one ATMs are associated with the aforementioned branches and seven are stand alone ATMs. Forty one ATMs are full service and seven are capable of only dispensing cash. The geographic distribution and location of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. There are two ATMs located in low-income geographies, and the percentage of ATMs located in low-income geographies is somewhat lower than the percentage of the population located in these geographies. There are six ATMs located in moderate-income geographies, and the percentage of ATMs located in moderate-income geographies is lower than the percentage of the population located in these geographies. During the evaluation period, NPB opened two ATMs and closed eight remote cash dispensing only ATMs.

NPB's record of opening and closing branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, NPB acquired 40 branches through the KNBT merger. One of the acquired branches was located in a low-income geography, and two of the acquired branches were located in moderate-income geographies. After the merger, five branches were closed as part of a short-distance relocation and consolidation (SDRC) with another branch, and four branches were closed and the customers were transferred to another branch. Only one of these branches was located in a moderate-income geography and the customers were transferred to another branch that was located in a moderate-income geography. In addition, the Palmer Giant branch was closed as part of a SDRC that was not related to the KNBT merger.

The following highlights the branch changes that took place after, but as a result of, the KNBT merger. The KNBT Whitehall Giant was closed as part of a SDRC with the KNBT Whitehall branch. The KNBT Pond Road branch was closed as part of a SDRC with NPB's Cedar Crest branch. NPB's Tilghman branch was closed as part of a SDRC with KNBT's South Whitehall branch. NPB's Bethlehem branch was closed as part of a SDRC with KNBT's Highland Avenue branch. The Lehigh Valley Business Center was closed as part of a SDRC with the Cedar Crest office. KNBT's Route 191 branch was closed and the customers were transferred to NPB's Linden/MaCada branch. NPB's Trexlertown branch was closed and the customers were transferred to KNBT's Wescosville branch. NPB's Whitehall branch was closed and the customers were transferred to KNBT's MacArthur Road branch. NPB's Valley Farm branch, which was located in a moderate-income geography, was closed and the customers were transferred to KNBT's S. 4<sup>th</sup> Street branch, which is located in a moderate-income geography.

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Services offered are comparable among locations regardless of the income level of the geography. Thirty four branches have extended hours of operation at least one day a week, and five of these branches are located in moderate-income geographies. Thirty four branches offer Saturday hours, including five branches that are located in moderate-income geographies. Ten branches offer Sunday morning hours, including one branch that is located in a moderate-income geography. In addition, 27 branches offer drive-through services.

All of the branches offer a full line of traditional banking products and services. NPB offers a variety of checking account products and loan products to serve the needs of its community, including low- and moderate-income individuals. In particular, NPB has one checking account product that assists low- and moderate-income individuals maintain regular checking accounts. It is the Free Checking Account product that has no minimum monthly balance, no monthly service fees, and free online banking and bill payment. In addition, NPB established a relationship with the Community Action Committee of the Lehigh Valley whereby the bank supports savings accounts for their clients enrolled in Pennsylvania's matched savings program for low-income individuals in Lehigh and Northampton counties. Approximately 16 accounts were opened during the evaluation period.

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

**Reading, PA MSA 39740**

NPB's delivery systems are accessible to geographies and individuals of different income levels. NPB operates 20 of its 133 branches in this AA. One branch is located in a low-income geography, one branch is located in a moderate-income geography, 13 branches are located in middle-income geographies, and 2 branches are located in upper-income geographies. In addition to these branches, NPB operates three loan centers that have branch authorizations. All three loan centers are located in upper-income geographies in this AA.



The percentage of branches located in low-income geographies is near to the percentage of the population located in these geographies. The percentage of branches located in moderate-income geographies is lower than the percentage of the population located in these geographies. However, NPB has four middle- and upper-income branches that are close to all nine of the low-income geographies and at least half of the sixteen moderate-income geographies. These middle- and upper-income branches allow delivery systems to be accessible to essentially all portions of the AA.

In addition to the branches, NPB offers alternative delivery systems in the form of ATMs. NPB has 20 ATMs within this AA. There are sixteen full-service ATMs associated with the aforementioned branches, there are two full-service stand alone ATMs, and there are two cash dispensing stand alone ATMs. Two ATMs are located in low-income geographies, and the percentage of ATMs located in low-income geographies exceeds the percentage of the population located in these geographies. There are two ATMs located in moderate-income geographies, and the percentage of ATMs located in moderate-income geographies is somewhat lower than the percentage of the population located in these geographies. During the evaluation period, one stand alone cash dispensing only ATM, located in a middle-income geography, was closed.

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

Hours and services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Services offered are comparable among locations regardless of the income level of the geography. Sixteen branches have extended hours of operation at least one day a week. Sixteen branches offer Saturday hours, and four branches offer Sunday hours. Fifteen branches offer drive-through services, and seven of the drive-through locations offer extended hours. While the branch located in a moderate-income geography does not have drive-through capabilities, it does offer extended weekday hours, Saturday hours, and Sunday hours.

All of the branches offer a full line of traditional banking products and services. NPB offers a variety of checking account products and loan products to serve the needs of its community, including low- and moderate-income individuals. In particular, NPB has one checking account product that assists low- and moderate-income individuals maintain regular checking accounts. It is the Free Checking Account product that has no minimum monthly balance, no monthly service fees, and free online banking and bill payment. In addition, NPB established a relationship with the Berks Community Action Program whereby the bank supports savings accounts for their clients enrolled in Pennsylvania's matched savings program for low-income individuals. Approximately 141 accounts were opened during the evaluation period.

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

## Community Development Services

NPB's performance in providing community development services is excellent in the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 and good in the Reading, PA MSA 39740.

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

NPB is a leader in providing community development services within this AA. Bank management and employees provide financial and technical expertise through their direct involvement with twenty-seven separate and qualified community development organizations and through their participation in numerous workshops, presentations, and seminars. In addition, NPB helps individuals apply for loans or grants under the Federal Home Loan Bank's (FHLB) First Front Door Grant Program, underwrites home renovation and repair loans under the Keystone Renovate and Repair program, developed and implemented a homeownership counseling program called New Horizons, and sponsored grant applications under the FHLB's Affordable Housing Program. Their community development services are responsive to the community development needs of the AA and focus on small businesses, economic development, revitalization and stabilization of low- and moderate-income areas, affordable housing for low- and moderate-income individuals, and community services targeted to primarily low- and moderate-income individuals. The following details the community development services that were provided during the evaluation period:

- The Executive Vice President of Retail Lending serves on the Board of Directors and the Finance Committee for an organization that provides community services to primarily low- and moderate-income individuals. As a Board and Finance Committee member, he has assisted with budget development, operational restructuring and refinancing the organization's debt.
- One employee provides financial and technical expertise by serving on the Board of a local Community Development Financial Institution that provides micro-loans to small businesses. As a Board member, he reviews loans that have been granted, participates in discussions and decisions regarding loan products the organization offers, and provides input regarding the investments for the organization's funds.
- The Senior Vice President (SVP) of CRA provides financial and technical expertise to an organization whose primary purpose is to strengthen the community by creating permanent, affordable housing for working families, who are primarily low- and moderate-income, in the Lehigh Valley. She was a founding member of the organization and currently serves on the Board of Directors. She is also the Chair of the Banking Sub-Committee that works on the structure of home purchase mortgage products, homeownership counseling and education and FHLB applications, and she is the Co-Chair of the ReSale Formula Committee that is charged with developing property budgets and designing appropriate buyer subsidies.
- One employee provides financial and technical expertise by serving on the Finance Committee and the Loan Committee for a local organization that provides community services as well as an affordable home program targeted to low- and moderate- income individuals.

- The SVP of CRA provides financial and technical expertise to an organization whose primary focus is to revitalize and stabilize South Bethlehem. As Chair of the Housing Sub-Committee, she leads the Committee toward various initiatives to stimulate and support residential housing in this area and she provides guidance and perspective on various housing rehabilitation programs, including emergency repair funding.
- A member of Senior Management serves on the Board of Directors and is the Treasurer for an organization that creates and preserves affordable housing for low- and moderate-income individuals and families within a targeted low- and moderate-income area within the City of Allentown. As Treasurer, he is responsible for oversight of the financial and accounting systems and assists in the development of the annual budget. He also heads the Finance Committee, which assists in the negotiation of borrower's requests and develops fundraising strategies.
- A member of Senior Management serves as a Board member and the Chair of the Banking/Finance Sub Committee for an organization that promotes affordable housing for low- and moderate- income individuals in the Lehigh Valley area.
- The Vice President of CRA serves on the Board of Directors and the Finance Committee for an organization that creates and preserves affordable housing for low- and moderate-income individuals and families within a targeted low- and moderate-income area within the City of Allentown. As a member of the Finance Committee, she provides financial and technical expertise by reviewing and analyzing the organization's monthly financial statements and participating in the budget preparation.
- The SVP of CRA provides her financial and technical expertise by serving on the Task Force for a local organization that provides community services to low-income individuals and families. As Co-Chair of the Task Force, she identifies services that contribute to financial self sufficiency of low-income residents of the Lehigh Valley.
- The SVP of CRA provides financial and technical expertise as a member of the Planning Committee for a local housing summit that promotes affordable housing for low- and moderate-income individuals in the Lehigh Valley.
- The SVP of CRA provides financial and technical expertise as a Coalition member for an organization that promotes affordable housing for low- and moderate-income individuals in the Lehigh Valley. She also chaired the Predatory Lending Sub-Committee for this organization, which attempted to increase public awareness of unscrupulous lenders and lending practices.
- The SVP of CRA is a member of two local county Housing Trust Advisory Committees that focus on promoting affordable housing for low- and moderate-income individuals and families. In her role as an Advisory Committee member, she provided financial and technical expertise by evaluating, reviewing, and scoring grant requests for funding from ACT 137 funds.

- Two employees provide financial and technical expertise to an organization that supports economic development and the revitalization and stabilization of certain low- and moderate-income geographies in Allentown. One employee is the Chair of the Steering Committee and the other employee is a member of the Steering Committee. The Steering Committee is charged with the appropriate disbursement of contributions for the organization.
- One employee is a member of the Family Selection Committee for a local non-profit organization that provides affordable housing for low- and moderate-income individuals and families. As a member of this Committee, she provides financial and technical expertise by assisting with the financial evaluation of candidate families for financing and homeownership.
- One employee is a member of the Board of Directors and the Loan Committee for a local non-profit community development organization that facilitates home ownership, housing rehabilitation, lending, counseling and educational programs for primarily low- and moderate-income individuals and families. As a member of the Loan Committee, she provides financial and technical expertise by reviewing the underwriting guidelines for the rehabilitation program and the homebuyer assistance program and by evaluating individual applications for approval of financing under these loan programs.
- One employee provides financial and technical expertise by serving as a Board member and assisting with fundraising activities for a non-profit organization that provides affordable housing and first-time homeownership opportunities for low- and moderate-income individuals and families.
- One employee provides financial and technical expertise by serving on the Board of Directors and the Curriculum Committee for an organization that focuses on expanding home ownership opportunities for low- and moderate-income individuals and families and educating prospective first-time homebuyers on homeownership. As a member of the Curriculum Committee, she is involved with the development of appropriate financial curriculums for first-time homebuyers.
- Two employees provide financial and technical expertise by serving on the Loan Committee for a non-profit program that is designed to help low-income working parents get a low-interest loan to purchase a used car or repair an existing vehicle.
- The SVP of Commercial Banking provides financial and technical expertise by serving as a Board member for four organizations that promote affordable housing for primarily low- and moderate-income individuals and families and/or economic development.
- A member of senior management provides financial and technical expertise by serving as a member of the Board of Directors and as a member of the Executive Committee for a local economic development organization that promotes economic development in Lehigh and Northampton counties. In her roles, she reviews and approves loans at the local level and recommends them for approval by the State.

- One employee provided financial expertise by serving on the Finance Committee and the Board of Directors for an organization that provides community services to primarily low- and moderate-income individuals and families. In his roles, he assists with fundraising, including soliciting donations and arranging investments.
- A member of Senior Management provides financial and technical expertise by serving as the Treasurer and a member of the Loan Review Committee for a local organization that promotes economic development.
- One employee was the Treasurer for an organization that provides community services to primarily low- and moderate-income individuals and families. He provided financial and technical expertise through developing the budget, reviewing contracts, structuring financing request, and obtaining grant funding.
- The SVP of Relationship Manager serves on the Loan Committee for a local group whose goal is to promote economic development through development, renewal, and improvement of businesses. To retain and create jobs, this group offers sub-prime interest financing for economically viable businesses to locate, expand or remain in the City of Bethlehem. As a member of the Loan Committee, he provides financial and technical expertise by reviewing the underwriting guidelines and evaluating incoming loan requests for approval under the group's guidelines.
- The SVP of CRA provides financial and technical expertise as the Chair of the Banking Sub-Committee for a project that focuses on revitalizing and stabilizing the north and west side neighborhoods of Bethlehem. As the Chair of the Banking Sub-Committee, she assisted with the development of underwriting guidelines for the organization's residential facade program.
- Two bank employees presented at fourteen homeownership preparation workshops that were targeted to primarily low- and moderate-income individuals and families. The workshops were sponsored by two organizations that promote affordable housing for low- and moderate-income individuals in this AA, and the presentations included information on how to apply for a mortgage, selecting mortgage products, budgeting, and credit reports.
- Senior Management and several bank employees used their financial and technical expertise to present the Operation Hope Program to primarily low- and moderate-income children at a local elementary school that is located in a moderate-income census tract. The program is a four part module that covers the following areas: the basics of banking, checking and savings accounts, credit, and budgeting.
- The SVP of CRA provided financial and technical expertise by presenting a series of budgeting workshops to low-income residents at a local non-profit organization that provides transitional housing.
- The SVP of CRA presented information on banking and saving money to a group of low-income children who attend an after school program at a neighborhood center that is located in a low-income census tract.

- The SVP of CRA and the CRA team in this AA designed the New Horizons Program, which is a counseling program specifically for individuals desiring homeownership but who require personalized assistance to reach this goal. The program is six to eighteen months, and it is an individualized counseling program that is open to anyone but it is geared to assist low- and moderate-income individuals with homeownership. The program covers the following areas: an overview of the community homeownership programs that are available, a review of credit reports and how to improve credit, guidance on how to set up a budget and how to establish a checking and savings account, and coaching and guidance on how to save for down payment and closing costs.
- NPB employees underwrote six home renovation and repair loans for low- and moderate-income homeowners through the Keystone Renovate and Repair state housing agency's program. The program assists homeowners in prioritizing their home repair and provides them with secure loans for home repairs and improvements. NPB was responsible for underwriting and originating the loan and ensuring that the borrower had the ability to repay it. The agency funds the loan directly and services the loan.
- NPB participates in the FHLB's First Front Door grant assistance program. This program provides a grant to lower income first-time homebuyers for their use towards down payment and/or closing costs. Twenty grants were extended in this AA during the evaluation period. As a participant, bank employees complete and submit grant applications under the program. In particular, NPB employees complete a needs assessment form to determine the amount of eligible assistance prior to grant distribution and prepare the Note and Subordinate Mortgage for each grant recipient. After settlement, bank representatives prepare a funds distribution request and submit this to the FHLB for reimbursement. Each grant is monitored until it is repaid or is fully forgiven after five years. No fees are charged in connection with the grant and, as a condition of participation, the bank must offer concessions on the first mortgage loan provided in connection with the grant.
- NPB successfully sponsored three grant applications under the FHLB's Affordable Housing Program. The applications were for a 6-unit affordable housing project for the homeless, 50 subsidized affordable rental units, and 53 affordable homeownership units in the AA. For each recipient, the bank documented the income eligibility according to the project's approved guidelines, assisted in the creation and preparation of retention documents (Note and Subordinate Mortgage), provided funds at closing, and completed periodic project monitoring reports. In addition, employees set up the loan on an account system to monitor fulfillment of the agreement, prepared payoffs and satisfied mortgages. The bank absorbed the mortgage satisfaction costs for all of the grants that are fully forgiven in accordance with the terms of the grant, usually five years.
- During the evaluation period, Lehigh and Northampton counties honored the SVP of CRA for her work in creating affordable housing opportunities in the Lehigh Valley. She received the Housing Advocate Award of Excellence in recognition of her instrumental role in creating the Lehigh Valley Community Land Trust, an initiative of the Lehigh Valley Coalition on Affordable Housing. In addition, she is a founding member and the

Chair of the Predatory Lending Committee as well as Chair of the Financial Self Sufficiency Task Force, a United Way Committee.

**Reading, PA MSA 39740**

NPB provides a relatively high level of community development services within this AA. Bank management and employees provide financial and technical expertise through their direct involvement with four separate and qualified community development organizations, through their participation in numerous workshops, presentations, and seminars, and by assisting a community development organization with its marketing. In addition, NPB is active in helping individuals apply for loans or grants under the Federal Home Loan Bank's (FHLB) First Front Door Grant Program and provides mortgage and home improvement loan servicing for the Neighborhood Housing Service of Greater Berks (NHS). Their community development services are responsive to the community development needs of the AA and focus on small businesses, economic development, and affordable housing for low- and moderate-income individuals. The following details the community development services that were provided during the evaluation period:

- One employee and one Board member assist with fundraising activities for a non-profit organization that supports affordable housing projects for primarily low- and moderate-income individuals and families.
- One employee provides financial and technical expertise to an organization that supports and develops affordable housing for primarily low- and moderate-income individuals and families. This employee provides technical expertise by reviewing the feasibility of the organization's construction projects.
- One employee is a member of the Board of Directors for a non-profit organization that supports and develops affordable housing for low- and moderate-income individuals and families. This organization identified a need for home improvement loan funds, especially for low- and moderate-income people, and developed a Community Home Repair Program. The bank employee provided financial and technical expertise by working with this organization on the development of the Community Home Repair Program and by developing marketing materials for the Community Home Repair Program.
- Two bank employees provide financial and technical expertise to a non-profit organization that supports and develops affordable housing for low- and moderate-income individuals and families. Both employees served on the Loan Administration Committee, which reviews loan requests against underwriting guidelines and develops new programs and underwriting guidelines as necessary. One of the Committee's accomplishments was the development of a new closing cost assistance loan program in response to an identified community need.
- The SVP of CRA is a member of the Board of Directors for a non-profit organization that provides long term transitional housing to primarily low- and moderate-income single female heads of household. She provides financial and technical expertise by meeting

with the participants to review their financial status, helping them prepare budgets, and recommending appropriate checking/savings account products.

- A bank employee served as a Board Member for an organization that provides community services to primarily low- and moderate-income individuals and families. This employee provided financial and technical expertise to the organization by reviewing and educating the Board on the PHFA counseling contract. In addition, she assisted with the coordination of community outreach activities between the bank and this organization.
- NPB's marketing group provided their technical expertise to a non-profit organization that provides affordable housing to low- and moderate-income individuals and families. NPB's marketing group designed and produced the agency's brochure and also designed and produced the marketing materials for the organization's home repair program, which is targeted to low- and moderate-income individuals and families.
- A bank employee presented several seminars at a local non-profit organization that supports small business initiatives and training. The seminars were part of a 12 week program targeted to the growing Hispanic small business community, and the presentations covered the basics of small business credit to small businesses.
- Several bank employees presented three financial education workshops that were sponsored by two organizations that support and develop affordable housing for low- and moderate- income individuals.
- Two bank employees gave a presentation to residents of a transitional home for newly released prisoners on how to open a checking account, the features of a checking account, and how to enroll in savings account programs.
- Senior Management and several bank employees used their financial and technical expertise to present the Operation Hope Program to primarily low- and moderate-income children at a local elementary school that is located in a moderate-income census tract. The program has four parts and includes a module on the basics of banking, checking and savings accounts, credit, and budgeting.
- NPB participates in the FHLB's First Front Door grant assistance program. This program provides a grant to lower income first-time homebuyers for their use towards down payment and/or closing costs. Fifteen grants were extended in this AA during the evaluation period. As a participant, bank employees complete and submit grant applications under the program. In particular, NPB employees complete a needs assessment form to determine the amount of eligible assistance prior to grant distribution and prepare the Note and Subordinate Mortgage for each grant recipient. After settlement, bank representatives prepare a funds distribution request and submit this to the FHLB for reimbursement. Each grant is monitored until it is repaid or is fully forgiven after five years. No fees are charged in connection with the grant and, as a condition of participation, the bank must offer concessions on the first mortgage loan provided in connection with the grant.



- NPB employees provide mortgage and home improvement loan servicing for NHS, an organization that provides subordinate mortgages to low-income first-time homebuyers who are purchasing homes in Berks County. As of March 2010, the bank is servicing 186 mortgages and 22 home equity loans, totaling approximately \$2.1 million. As a participant, NPB employees set up each of the organization's loans on their loan servicing system, accept and process payments, prepare and mail monthly billing statements, issue payment reminder notices (if applicable), and provide a monthly payment summary to the organization. In addition, NPB employees complete payoff letters when applicable, prepare and mail annual interest payment statements, and report monthly payment histories to each of the three major credit reporting agencies.

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

Based on limited-scope reviews, the bank's performance under the service test in the Lancaster, PA MSA 29540 AA, the State College, PA MSA 44300 AA, the Scranton-Wilkes-Barre, PA MSA 42540 AA, the Schuylkill County, Non-MSA AA, and the Monroe County, Non-MSA AA is weaker than the bank's overall "Outstanding" performance under the service test in the State of Pennsylvania. NPB's performance in the limited scope AAs is based on its distribution of branches by income level and the bank's record of opening and closing branches. NPB's performance is weaker in the Lancaster, PA MSA 29540 AA, the State College, PA MSA 44300 AA, and the Schuylkill County, Non-MSA AA because NPB has a limited number of branches in these AAs, making delivery systems accessible to geographies and individuals of different income levels in these AAs. NPB's performance is weaker in the Scranton-Wilkes-Barre, PA MSA 42540 AA and the Monroe County, Non-MSA AA because of the limited number of branches in these AAs, making delivery systems reasonably accessible to geographies and individuals of different income levels. The weaker performance in these AAs had limited impact on the overall service test rating.

Refer to Table 15 in the state of Pennsylvania section of Appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and 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): 01/01/07 to 12/31/09 Investment and Service Tests and CD Loans: 09/24/07 to 04/05/10	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National Penn Bank (NPB) Boyertown, Pennsylvania	Home mortgage loans, small loans to businesses, small loans to farms, CD loans, investments and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
National Penn Investment Company	Wholly-owned subsidiary of holding company, National Penn Bancshares, Inc.	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980 <ul style="list-style-type: none"> <li>• Philadelphia, PA MD 37964</li> <li>• Wilmington, DE-MD-NJ MD 48864</li> </ul> State of Pennsylvania <ul style="list-style-type: none"> <li>• Allentown-Bethlehem-Easton, PA-NJ MSA 10900</li> <li>• Reading, PA MSA 39740</li> <li>• Lancaster, PA MSA 29540</li> <li>• Scranton-Wilkes-Barre, PA MSA 42540</li> <li>• State College, PA MSA 44300</li> <li>• Schuylkill County, Non-MSA</li> <li>• Monroe County, Non-MSA</li> <li>• York-Hanover, PA MSA 49620</li> </ul>	Full Scope  Limited Scope  Full Scope  Full Scope  Limited Scope  Limited Scope  Limited Scope  Limited Scope  Limited Scope	NA

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

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

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

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

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

Demographic Information for Full-Scope Area: Philadelphia, PA MD 37964						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	586	1.71	7.85	37.20	52.73	0.51
Population by Geography	2,219,685	0.95	7.11	34.09	57.70	0.15
Owner-Occupied Housing by Geography	610,135	0.46	4.83	32.89	61.82	0.00
Businesses by Geography	229,482	1.96	7.40	30.21	60.43	0.00
Farms by Geography	5,101	0.25	2.92	33.23	63.60	0.00
Family Distribution by Income Level	576,471	12.29	14.44	21.00	52.26	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	154,129	2.10	13.96	44.42	39.52	0.00
Median Family Income	= \$56,993	Median Housing Value				= \$168,900
HUD Adjusted Median Family Income for 2009	= \$75,500	Unemployment Rate				= 0
Households Below the Poverty Level	= 6.22%					= 8.7%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census Data, 2009 HUD updated MFI, and Bureau of Labor Statistics unemployment rate as of December 31, 2009

NPB’s Philadelphia, PA MD 37964 AA is a portion of the Philadelphia, PA MD 37964, which is a subset of the larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate MSA 37980. The Philadelphia, PA MD 37964 includes Bucks, Chester, Delaware, Montgomery, and Philadelphia counties in Pennsylvania. NPB designated all of Bucks, Chester, and Montgomery counties and the portions of Delaware and Philadelphia counties the bank could reasonably service as its AA.

The Philadelphia, PA MD 37964 AA is comprised of 586 census tracts. There are ten low-income tracts, 46 moderate-income tracts, 218 middle-income tracts, 309 upper-income tracts, and three tracts that have not been assigned an income classification. Nine of the low-income geographies are located in the Philadelphia County portion of the AA and one of the low-income geographies is located in Montgomery County portion of the AA. This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 2000 U.S. Census data, the AA had a total population of 2,219,685. The AA contains 576,471 families, and 12.29% are low-income, 14.44% are moderate-income, 21.00% are middle-income, and 52.26% are upper-income. There are 846,875 households, and 52,647 or 6.22% of the households are below the poverty level. Philadelphia County has a

significantly higher poverty level than the AA as a whole. Approximately 15% of the households in the Philadelphia County portion of the AA are below the poverty level while approximately 5% of the households in each of the other counties in the AA are below the poverty level. The 2000 median family income was \$56,993, and the 2009 HUD updated median family income is \$75,500.

The 2000 U.S. Census data reported 896,480 housing units in the AA. Approximately 68% are owner-occupied, 26% are rental-occupied, 2% are mobile homes or trailers, and 4% are vacant housing units. Of all owner-occupied housing, 0.46% is located in low-income geographies, 4.83% is located in moderate-income geographies, 32.89% is located in middle-income geographies, and 61.82% is located in upper-income geographies. The median housing cost is \$168,900.

Based on the housing value and the 2009 HUD update median family income, there is a lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$168,900, and a low-income individual or family earns less than \$37,750.

According to the 2009 Business Geodemographics, there are 229,482 businesses and 5,101 farms in this AA. Approximately 75% of the businesses reporting have revenues less than or equal to \$1 million, approximately 6% of businesses reporting have revenues greater than \$1 million, and 19% of businesses did not report revenue information. There are 4,494 (1.96%) businesses located in low-income geographies, 16,987 (7.40%) in moderate-income geographies, 69,323 (30.21%) in middle-income geographies, and 138,668 (60.43%) in upper-income geographies.

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

The Philadelphia area has struggled to transition from recession to recovery because of high unemployment and eroding fiscal conditions. According to the Bureau of Labor Statistics, the December 31, 2009 non-seasonally adjusted unemployment rate for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate MSA 37980 was 8.7%, which was comparable to the Pennsylvania unemployment rate of 8.8% and lower than the national unemployment rate of 10%. Although the unemployment rate for the MSA is below the national average, the labor force is falling rapidly, and although job losses have moderated since the beginning of the year, they remain substantial. The unemployment rate, as of December 31, 2009, was 7.2% for Bucks County, 6.2% for Chester County, 7.9% for Delaware County, 6.8% for Montgomery County, and 10.6% in Philadelphia County.

Few industries are adding payrolls and a number of the area's largest health insurers are cutting costs via layoffs and attrition. Troubles in pharmaceuticals are intensifying, putting the sustainability and durability of the recovery in jeopardy. Reduced healthcare spending and industry consolidation have led to additional layoff announcements. Pfizer announced layoffs of 230 to 450 jobs in Chester and Montgomery counties, respectively, and Johnson & Johnson is to close two facilities and lay off around 170 workers. Philadelphia's pharmaceutical industry

has one of the largest employment multipliers among Pennsylvania industries, and industry layoffs are setting off a chain of events. Consumer spending continues to remain subdued until consumers become more confident in their jobs and future incomes.

Business lending has softened in the Philadelphia area. Small businesses are struggling to obtain credit because credit card lenders and small banks have been tightening credit standards aggressively.

NPB operates 47 of its 133 branches in the Philadelphia, PA MD 37964, accounting for approximately 98% of the total number of branches within this Multistate MSA. Thirty nine branches have extended hours of operation at least one day a week and four of these branches are located in moderate-income geographies. Thirty five branches offer Saturday morning hours, and two branches offer Sunday hours. And, thirty five branches offer drive-through services, and twenty one of the drive-through locations offer extended hours. All of the branches offer a full line of traditional banking products and services.

Competition for both loans and deposits is strong in this AA, especially from larger multistate financial institutions. According to the June 30, 2009 FDIC Summary of Deposit Market Share report, NPB ranked 20<sup>th</sup> out of 157 institutions with a 0.75% deposit market share in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Multistate MSA. In the Philadelphia, PA MD 37964, NPB ranked ninth out of 102 institutions with a 1.72% deposit market share. According to the June 30, 2009 deposit data, NPB's major competitors in the Philadelphia, PA MD 37964 are Wachovia Bank, NA, ranking first with 162 offices and a 19.77% deposit market share, Ally Bank, ranking second with 1 office and a 14.14% deposit market share, Citizens Bank of PA, ranking third with 167 offices and an 11.61% deposit market share, PNC Bank, NA, ranking fourth with 108 offices and an 8.73% deposit market share, and TD Bank, NA, ranking fifth with 87 offices and a 7.31% deposit market share.

Based upon the 2008 HMDA peer mortgage data, NPB ranked 28<sup>th</sup> out of 638 lenders with a 0.66% lending market share by number of loans. The top six lenders were Wells Fargo Bank, NA (8.22% market share), Countrywide Bank, FSB (7.78% market share), JPMorgan Chase Bank NA (7.49% market share), Wells Fargo Funding, Inc. (6.35% market share), Trident Mortgage Company (4.31% market share), and Citimortgage, Inc. (3.32% market share).

During this examination, we made one community contact to determine the credit needs of this area. We contacted a community service organization that provides affordable housing for low- and moderate-income individuals. The contact indicated there was a need for small business lending, flexible loan products for low- and moderate- income individuals, grants and donations to community development organizations, and financial education programs for low- and moderate-income individuals. The contact stated there were plenty of opportunities for banks to sponsor and provide their technical and financial expertise to local organizations that support community development through financial education. There are also opportunities for banks to create a special loan program to finance individual home improvement loans for low- and moderate-income individuals and to create a special loan program for small businesses. NPB was named as a leader in the community for affordable housing programs.

## State of Pennsylvania

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

Demographic Information for Full-Scope Area: Allentown-Bethlehem-Easton, PA-NJ MSA 10900						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	140	6.43	24.29	51.43	17.86	0.00
Population by Geography	637,958	4.15	23.00	49.31	23.54	0.00
Owner-Occupied Housing by Geography	176,872	1.36	18.94	52.68	27.02	0.00
Businesses by Geography	47,541	4.70	19.19	48.36	27.75	0.00
Farms by Geography	1,160	0.78	7.67	59.83	31.72	0.00
Family Distribution by Income Level	170,289	19.46	20.13	23.70	36.71	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	67,424	5.95	31.99	48.35	13.71	0.00
Median Family Income	= \$53,852					=
HUD Adjusted Median Family Income for 2009 Households Below the Poverty Level	= \$70,000	Median Housing Value				= \$109,923
	= 8.49%	Unemployment Rate				= 9.4%

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

Source: 2000 U.S. Census Data, 2009 HUD updated MFI, and Bureau of Labor Statistics unemployment rate as of December 31, 2009

In 2007, NPB's designated AA was a portion of the Allentown-Bethlehem-Easton, PA-NJ MSA 10900. At that time, the AA was comprised of all of Lehigh County and the portion of Northampton County that NPB could reasonably service. In 2008, in response to the KNBT merger, NPB expanded this AA to include the entire counties of Carbon, Lehigh, and Northampton in Pennsylvania. NPB excluded Warren County in New Jersey because the bank does not have branches in this county. For the purposes of this examination, we considered the entire Allentown-Bethlehem-Easton, PA-NJ MSA 10900 AA to be in effect during the whole evaluation period.

The Allentown-Bethlehem-Easton, PA-NJ MSA 10900 is comprised of 140 census tracts. There are nine low-income tracts, 34 moderate-income tracts, 72 middle-income tracts, and 25 upper-income tracts. This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 2000 U.S. Census data, the AA had a total population of 637,958. The AA contains 170,289 families, and 19.46% are low-income, 20.13% are moderate-income, 23.70% are middle-income, and 36.71% are upper-income. There are 247,307 households, and 20,987 or 8.49% of the households are below the poverty level. The 2000 median family income was \$53,852, and the 2009 HUD updated median family income is \$70,000.

The 2000 U.S. Census data reported 274,336 housing units in the AA. Approximately 64% are owner-occupied, 26% are rental-occupied, 3% are mobile homes or trailers, and 7% are vacant housing units. Of all owner-occupied housing, 1.36% is located in low-income geographies, 18.94% is located in moderate-income geographies, 52.68% is located in middle-income geographies, and 27.02% is located in upper-income geographies. The median housing cost is \$109,923.

Based on the housing value and the 2009 HUD update median family income, there is a lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$109,923, and a low-income individual or family earns less than \$35,000.

According to the 2009 Business Geodemographics, there are 47,541 businesses and 1,160 farms in this AA. Approximately 75% of the businesses reporting have revenues less than or equal to \$1 million, approximately 5% of businesses reporting have revenues greater than \$1 million, and 20% of businesses did not report revenue information. There are 2,236 (4.70%) businesses located in low-income geographies, 9,121 (19.19%) in moderate-income geographies, 22,990 (48.36%) in middle-income geographies, and 13,194 (27.75%) in upper-income geographies.

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

Allentown's economy is showing tentative signs of stabilization, as declines in employment and house prices moderate. Estimated industrial production has increased for six consecutive months and home sales are rising. A surge in foreclosures is a major concern, as it could extend the housing correction and delay any recovery in the broader economy. Education and healthcare has helped to carry this area through the recession, but the recent pace of hiring is unsustainable. The closure of the Allentown State Hospital by the end of the year will result in hundreds of layoffs. Also, St. Luke's Hospital announced plans to cut payrolls. While the number of layoffs is relatively small, it is cause for concern because if healthcare falters, the area's economy will suffer. The Sands Casino in the City of Bethlehem will add hundreds of jobs by June. Because the jobs are created in the low-paying, low value-added leisure/hospitality industry, their impact on the economy will be minimal.

According to the Bureau of Labor Statistics, the December 31, 2009 non-seasonally adjusted unemployment rate for the Allentown-Bethlehem-Easton, PA-NJ MSA 10900 was 9.4%, which was higher than the Pennsylvania unemployment rate of 8.8%, but lower than the national unemployment rate of 10%.

NPB operates 39 of its 133 branches in this AA. The branches in this AA account for approximately 46% of the total number of branches in the state of Pennsylvania. Thirty four branches have extended hours of operation at least one day a week, and five of these branches are located in moderate-income geographies. Thirty four branches offer Saturday morning hours, including five branches that are located in moderate-income geographies. Ten branches offer Sunday morning hours, including one branch that is located in a moderate-



income geography. In addition, 27 branches offer drive-through services. All of the branches offer a full line of traditional banking products and services.

Competition for both loans and deposits is strong in this AA, especially from larger multistate financial institutions. According to the June 30, 2009 FDIC Summary of Deposit Market Share report, NPB ranked second out of 31 institutions with an 11.89% deposit market share in the Allentown-Bethlehem-Easton, PA NJ MSA 10900. According to the June 30, 2009 deposit data, NPB's major competitors in this area are Wachovia Bank, NA, ranking first with 47 offices and a 23.10% deposit market share, PNC Bank, NA, ranking third with 32 offices and a 10.36% deposit market share, Lafayette Ambassador Bank, ranking fourth with 23 offices and a 7.79% deposit market share, and Bank of America, NA, ranking fifth with 28 offices and a 5.81% deposit market share.

Based upon the 2008 HMDA peer mortgage data, NPB ranked sixth out of 433 lenders with a 4.02% lending market share by number of loans. The top five lenders were Countrywide Bank, FSB (10.92% market share), JPMorgan Chase Bank, NA (6.59% market share), Wells Fargo Bank, NA (5.96% market share), Wells Fargo Funding, Inc. (4.98% market share), and Wachovia Bank, NA (4.71% market share).

During this examination, we made one community contact to determine the credit needs of this area. The community contact was with a community development division of a local government entity that provides community services to low- and moderate-income individuals. This contact indicated there was a need for more small business lending, small business counseling and education, and affordable rental housing for low- and moderate-income individuals. According to this contact, there are plenty of opportunities for banks to sponsor and provide their technical and financial expertise to local small businesses as well as opportunities for local banks to invest in tax credits to help fund affordable housing projects. NPB was named as a leader in the community for affordable housing programs.

**State of Pennsylvania**

**Reading, PA MSA 39740**

Demographic Information for Full-Scope Area: Reading, PA MSA 39740						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	82	10.98	19.51	58.54	10.98	0.00
Population by Geography	373,638	7.37	12.67	64.96	15.00	0.00
Owner-Occupied Housing by Geography	104,693	3.01	10.08	70.43	16.49	0.00
Businesses by Geography	25,025	8.42	7.91	64.70	18.97	0.00
Farms by Geography	1,127	0.71	1.15	86.96	11.18	0.00
Family Distribution by Income Level	98,882	17.73	19.00	24.38	38.90	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	36,314	13.13	19.24	58.21	9.43	0.00
Median Family Income	= \$53,061					=
HUD Adjusted Median Family Income for 2009	= \$65,800	Median Housing Value				= \$99,209
Households Below the Poverty Level	= 8.80%	Unemployment Rate				= 9.1%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census Data, 2009 HUD updated MFI, and Bureau of Labor Statistics unemployment rate as of December 31, 2009

NPB’s Reading, PA MSA 39740 AA is comprised of all 82 census tracts in Berks County. There are nine low-income tracts, 16 moderate-income tracts, 48 middle-income tracts, and nine upper-income tracts. This AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

According to the 2000 U.S. Census data, the AA had a total population of 373,638. The AA contains 98,882 families, and 17.73% are low-income, 19.00% are moderate-income, 24.38% are middle-income, and 38.90% are upper-income. There are 141,609 households, and 12,463 or 8.80% of the households are below the poverty level. The 2000 median family income was \$53,061, and the 2009 HUD updated median family income is \$65,800.

The 2000 U.S. Census data reported 155,952 housing units in the AA. Approximately 67% are owner-occupied, 24% are rental-occupied, 3% are mobile homes or trailers, and 6% are vacant housing units. Of all owner-occupied housing, 3.01% is located in low-income geographies, 10.08% is located in moderate-income geographies, 70.43% is located in middle-income geographies, and 16.49% is located in upper-income geographies. The median housing cost is \$99,209.

Based on the housing value and the 2009 HUD update median family income, there is a lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$99,209, and a low-income individual or family earns less than \$32,900.

According to the 2009 Business Geodemographics, there are 25,025 businesses and 1,127 farms in this AA. Approximately 76% of the businesses reporting have revenues less than or equal to \$1 million, approximately 6% of businesses reporting have revenues greater than \$1 million, and 18% of businesses did not report revenue information. There are 2,108 (8.42%) businesses located in low-income geographies, 1,979 (7.91%) in moderate-income geographies, 16,190 (64.70%) in middle-income geographies, and 4,748 (18.97%) in upper-income geographies.

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

Reading is in a slow and tentative recovery; however, the recovery is not yet extending to employment. Job losses continue outside the marginal gains in healthcare and government employment. According to the Bureau of Labor Statistics, the December 31, 2009 non-seasonally adjusted unemployment rate for the Reading, PA MSA 39740 was 9.1%, which is higher than the Pennsylvania unemployment rate of 8.8% and lower than the national unemployment rate of 10%. In the Reading MSA, the labor market is sharply divided between the poorer, less educated City of Reading and the wealthier, better educated parts of Berks County, which is outside the city. Only 68% of residents of the City of Reading hold a high school diploma or equivalent, compared with 87% of Berks County residents who live outside the city. The disparity in poverty rates is worse. Inside the City of Reading, 34% of residents are below the poverty line, but only 6% of the county residents outside the city are below the poverty line. On a positive side, house prices are steady and provide some stability to other parts of the local economy.

NPB operates 20 of its 133 branches in this AA. Three of the 20 branches are loan centers. The branches in this AA account for approximately 24% of the total number of branches within the state of Pennsylvania. Sixteen branches have extended hours of operation at least one day a week. Sixteen branches offer Saturday morning hours, and four branches offer Sunday hours. Fifteen branches offer drive-through services, and seven of the drive-through locations offer extended hours. While the branch located in a moderate-income geography does not have drive-through capabilities, it does offer extended weekday hours, Saturday hours, and Sunday hours. All of the branches offer a full line of traditional banking products and services.

Competition for both loans and deposits is strong in this AA, especially from larger multistate financial institutions. According to the June 30, 2009 FDIC Summary of Deposit Market Share report, NPB ranked first out of 20 institutions with a 22.03% deposit market share in the Reading, PA MSA 39740. According to the June 30, 2009 deposit data, NPB's major competitors in the this AA are Sovereign Bank, ranking second with 14 offices and a 21.00% deposit market share, Wachovia Bank, NA, ranking third with 18 offices and a 13.34% deposit market share, VIST Bank, ranking fourth with 15 offices and a 9.10% deposit market share, and

Manufacturers & Traders Trust Co., Inc., ranking fifth with 15 offices and a 6.71% deposit market share.

Based upon the 2008 HMDA peer mortgage data, NPB ranked eighth out of 338 lenders with a 3.74% lending market share by number of loans. The top five lenders were Countrywide Bank, FSB (9.96% market share), JPMorgan Chase Bank, NA (8.45% market share), Sovereign Bank (5.22% market share), Mortgage America, Inc. (5.17% market share), and Wells Fargo Bank, NA (4.67% market share).

During this examination, we made a community contact with a local organization that provides services to low- and moderate-income individuals. This contact felt the primary needs of the area were affordable housing programs, first-time homebuyer programs, workshops to help low- and moderate-income individuals with the first time homebuyer process, educational seminars on home ownership, checking accounts and financial services geared toward the low- and moderate-income individuals of the Hispanic community who are currently underserved, financial literacy programs, donations of funds, space and volunteers for local non-profit organizations who provide community services to primarily low- and moderate-income individuals and families, access to credit for small businesses, small business lending, and financing for revitalization projects for the downtown Reading area. This contact stated NPB stood out as being a leader in the community.

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories. This table is NOT included.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the

bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. This table is NOT included.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area. This table is NOT included.

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area.

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

**Tables of Performance Data**

---

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

**State of Pennsylvania**



Table 1. Lending Volume

LENDING VOLUME												
Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980												
Evaluation Period: January 1, 2007 to December 31, 2009												
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Philadelphia, PA MD 37964	98.65	2,187	320,722	1,824	415,832	434	45,125	19	26,935	4,464	808,614	98.85
<b>Limited Review:</b>												
Wilmington, DE-MD-NJ MD 48864	1.35	32	3,720	25	5,913	4	367	0	0	61	10,000	1.15

\* Loan Data as of December 31, 2009 Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is September 24, 2007 to JApril 5, 2010

\*\*\* Deposit Data as of June 30, 2009 Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE Evaluation Period: January 1, 2007 to December 31, 2009												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	467	99.36	0.46	0.00	4.83	8.35	32.89	40.47	61.82	51.18	0.36	0.00	0.45	0.51	0.28	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	3	0.64	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.21	0.00	0.00	0.21	0.00	

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT Evaluation Period: January 1, 2007 to December 31, 2009												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	675	98.25	0.46	0.44	4.83	4.74	32.89	47.11	61.82	47.70	2.64	2.22	2.17	3.68	2.04	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	12	1.75	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	3.13	0.00	0.00	3.13	0.00	

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE Evaluation Period: January 1, 2007 to December 31, 2009											Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia, PA MD 37964	1,026	98.37	0.46	0.10	4.83	4.19	32.89	42.50	61.82	53.22	0.52	0.51	0.62	0.68	0.43
<b>Limited Review:</b>															
Wilmington, DE-MD-NJ MD 48864	17	1.63	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.82	0.00	0.00	0.82	0.00

\* Based on 2008 Peer Mortgage Data: Eastern Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance 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 number of owner occupied housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2007 to December 31, 2009																
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total*	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	1,824	98.65	1.96	0.60	7.40	7.46	30.21	36.35	60.43	55.59	0.54	0.25	0.43	0.70	0.54	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	25	1.35	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.55	0.00	0.00	0.66	0.00	

\* Based on 2008 Peer Small Business Data: US.

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

\*\*\* Source Data - Dun and Bradstreet 2009.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980				
Evaluation Period: January 1, 2007 to December 31, 2009																
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia, PA MD 37964	467	99.36	12.29	5.24	14.44	18.57	21.00	24.76	52.26	51.43	0.34	1.11	0.30	0.32	0.32	
<b>Limited Review:</b>																
Wilmington, DE-MD-NJ MD 48864	3	0.64	18.29	0.00	22.30	33.33	27.56	66.67	31.85	0.00	0.25	0.00	1.06	0.00	0.00	

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 10.0% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980															
Evaluation Period: January 1, 2007 to December 31, 2009																	
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share						
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Philadelphia, PA MD 37964	675	98.25	12.29	15.60	14.44	19.81	21.00	24.80	52.26	39.78	2.51	4.96	3.59	2.67	1.80		
<b>Limited Review:</b>																	
Wilmington, DE-MD-NJ MD 48864	12	1.75	18.29	18.18	22.30	36.36	27.56	9.09	31.85	36.36	3.17	0.00	8.70	0.00	3.51		

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.1% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980					
Evaluation Period: January 1, 2007 to December 31, 2009																	
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share						
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Philadelphia, PA MD 37964	1,026	98.37	12.29	8.52	14.44	18.64	21.00	22.90	52.26	49.95	0.54	1.64	0.66	0.46	0.45		
<b>Limited Review:</b>																	
Wilmington, DE-MD-NJ MD 48864	17	1.63	18.29	13.33	22.30	0.00	27.56	40.00	31.85	46.67	0.87	4.17	0.00	0.34	1.49		

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 8.5% of loans originated and purchased by Bank.



Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Evaluation Period: January 1, 2007 to December 31, 2009					Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Philadelphia, PA MD 37964	1,824	98.65	74.79	40.02	44.52	25.11	30.37	0.54	0.76
<b>Limited Review:</b>									
Wilmington, DE-MD-NJ MD 48864	25	1.35	84.51	36.00	56.00	8.00	36.00	0.55	0.49

\* Based on 2008 Peer Small Business Data: US.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2009).

\*\*\*\* 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 1.78% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980							
Evaluation Period: September 24, 2007 through April 5, 2010									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Philadelphia, PA MD 37964	3	1,386	48	215	51	1,601	100	0	0
<b>Limited Review:</b>									
Wilmington, DE-MD-NJ MD 48864	0	0	0	0	0	0	0	0	0

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

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATEWIDE/REGIONAL INVESTMENTS				Evaluation Period: September 24, 2007 through April 5, 2010			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Statewide/Regional Investments that benefit more than one assessment area	2	1,682	1	5,132	3	6,814	38.11%	0	0
Statewide/Regional Investments that have the potential to benefit one or more of the assessment areas	3	8,565	1	2,500	4	11,065	61.89%	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD MSA 37980 Evaluation Period: September 24, 2007 through April 5, 2010																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Philadelphia, PA M 37964	98.85	47	97.92	0.00	12.77	44.68	42.55	2	0	0	0	1	1	0.95	7.11	34.09	57.70
<b>Limited Review:</b>																	
Wilmington, DE-MD-NJ MD 48864	1.15	1	2.08	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00

Table 1. Lending Volume

LENDING VOLUME		Geography: STATE OF PENNSYLVANIA						Evaluation Period: January 1, 2007 to December 31, 2009				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	29.28	2,523	294,117	566	122,864	3	671	10	8,104	3,102	425,756	36.74
Reading, PA MSA 39740	23.78	1,750	153,771	741	161,395	24	3,154	5	1,900	2,520	320,220	36.56
<b>Limited Review:</b>												
Lancaster, PA MSA 29540	28.12	771	119,860	608	105,363	1,600	165,744	0	0	2,979	390,967	6.88
State College, PA MSA 44300	9.41	777	137,173	211	40,214	7	468	2	360	997	178,215	7.93
Scranton-Wilkes-Barre, PA MSA 42540	5.02	413	32,249	119	16,472	0	0	0	0	532	48,721	7.65
Schuylkill County Non-MSA	2.44	202	12,917	55	11,563	0	0	1	77	258	24,557	2.4
Monroe County, Non-MSA	1.76	161	15,531	26	3,727	0	0	0	0	187	19,258	1.84
York-Hanover, PA MSA 49620	0.19	6	818	3	846	11	1,530	0	0	20	3,194	0.00

\* Loan Data as of December 31, 2009 . Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is September 24 ,2007 to April 5, 2010

\*\*\* Deposit Data as of June 30, 2009. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: STATE OF PENNSYLVANIA						Evaluation Period: January 1, 2007 to December 31, 2009						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	648	35.31	1.36	4.94	18.94	22.07	52.68	38.73	27.02	34.26	2.52	8.75	2.35	2.25	2.76
Reading, PA MSA 39740	336	18.41	3.01	5.06	10.08	12.80	70.43	70.54	16.49	11.61	1.91	1.89	3.48	2.00	0.63
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	323	17.70	1.17	3.41	6.39	13.93	81.91	80.19	10.53	2.48	1.40	2.05	1.55	1.49	0.51
State College, PA MSA 44300	350	19.18	0.16	2.00	18.90	8.57	48.00	44.86	32.94	44.57	6.96	40.00	5.67	6.45	7.53
Scranton-Wilkes-Barre, PA MSA 42540	99	5.42	0.00	0.00	8.75	6.06	73.69	58.59	17.56	35.35	1.40	0.00	1.89	1.09	2.04
Schuylkill County Non-MSA	38	2.08	0.00	0.00	13.06	10.53	75.64	81.58	11.30	7.89	2.15	0.00	3.60	2.26	0.91
Monroe County, Non-MSA	28	1.54	0.00	0.00	0.00	0.00	33.63	25.00	66.37	75.00	0.65	0.00	0.00	0.45	0.84
York-Hanover, PA MSA 49620	3	0.16	4.78	0.00	14.21	33.33	72.03	33.33	8.99	33.33	0.08	0.00	0.00	0.06	0.34

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: STATE OF PENNSYLVANIA					Evaluation Period: January 1, 2007 to December 31, 2009				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	609	38.84	1.36	1.48	18.94	13.79	52.68	55.17	27.02	29.56	11.13	12.00	9.62	10.84	12.82						
Reading, PA MSA 39740	539	34.38	3.01	2.23	10.08	9.65	70.43	75.14	16.49	12.99	11.18	3.39	8.39	12.77	7.46						
<b>Limited Review:</b>																					
Lancaster, PA MSA 29540	107	6.82	1.17	0.00	6.39	11.21	81.91	85.98	10.53	2.80	2.00	0.00	2.00	2.25	0.00						
State College, PA MSA 44300	109	6.95	0.16	1.83	18.90	14.68	48.00	28.44	32.94	55.05	6.51	0.00	5.22	4.15	10.70						
Scranton-Wilkes-Barre, PA MSA 42540	108	6.89	0.00	0.00	8.75	6.48	73.69	60.19	17.56	33.33	5.14	0.00	2.78	4.05	9.92						
Schuylkill County Non-MSA	54	3.44	0.00	0.00	13.06	24.07	75.64	72.22	11.30	3.70	3.99	0.00	7.55	3.98	1.41						
Monroe County, Non-MSA	41	2.61	0.00	0.00	0.00	0.00	33.63	17.07	66.37	82.93	4.68	0.00	0.00	2.07	5.99						
York-Hanover, PA MSA 49620	1	0.06	4.78	0.00	14.21	0.00	72.03	100.00	8.99	0.00	0.17	0.00	0.00	0.24	0.00						

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: STATE OF PENNSYLVANIA					Evaluation Period: January 1, 2007 to December 31, 2009				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	1,255	39.84	1.36	2.07	18.94	10.44	52.68	53.23	27.02	34.26	3.54	8.28	2.13	3.96	3.57						
Reading, PA MSA 39740	870	27.62	3.01	1.26	10.08	2.53	70.43	79.43	16.49	16.78	3.65	2.91	1.21	4.16	2.52						
<b>Limited Review:</b>																					
Lancaster, PA MSA 29540	326	10.35	1.17	0.00	6.39	8.59	81.91	88.96	10.53	2.45	1.08	0.00	2.19	1.15	0.12						
State College, PA MSA 44300	292	9.27	0.16	1.37	18.90	9.93	48.00	39.38	32.94	49.32	4.20	7.69	2.67	3.23	6.20						
Scranton-Wilkes-Barre, PA MSA 42540	204	6.48	0.00	0.00	8.75	3.43	73.69	47.06	17.56	49.51	1.66	0.00	1.29	1.34	2.69						
Schuylkill County Non-MSA	109	3.46	0.00	0.00	13.06	12.84	75.64	80.73	11.30	6.42	3.37	0.00	7.89	3.18	2.16						
Monroe County, Non-MSA	92	2.92	0.00	0.00	0.00	0.00	33.63	30.43	66.37	69.57	0.97	0.00	0.00	0.72	1.12						
York-Hanover, PA MSA 49620	2	0.06	4.78	0.00	14.21	0.00	72.03	50.00	8.99	50.00	0.04	0.00	0.00	0.05	0.00						

\* Based on 2008 Peer Mortgage Data: Eastern Region.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance 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 number of owner occupied housing units in the area based on 2000 Census information.



Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: STATE OF PENNSYLVANIA						Evaluation Period: January 1, 2007 to December 31, 2009						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	566	24.31	4.70	4.42	19.19	17.67	48.36	47.00	27.75	30.92	1.20	1.95	1.11	1.17	1.31
Reading, PA MSA 39740	741	31.83	8.42	6.75	7.91	4.05	64.70	69.91	18.97	19.30	2.21	3.52	1.60	2.33	2.06
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	608	26.12	3.83	1.64	7.60	12.50	77.38	81.74	11.18	4.11	1.29	1.22	2.03	1.41	0.48
State College, PA MSA 44300	210	9.02	11.75	9.52	12.68	4.29	41.00	40.48	34.25	45.71	1.79	2.57	0.20	1.94	2.19
Scranton-Wilkes-Barre, PA MSA 42540	119	5.11	0.00	0.00	11.34	14.29	71.77	58.82	16.89	26.89	0.58	0.00	1.08	0.47	0.83
Schuylkill County Non-MSA	55	2.36	0.00	0.00	15.77	23.64	70.86	43.64	13.37	32.73	0.89	0.00	1.35	0.59	2.03
Monroe County, Non-MSA	26	1.12	0.00	0.00	0.00	0.00	40.90	26.92	59.10	73.08	0.24	0.00	0.00	0.12	0.36
York-Hanover, PA MSA 49620	3	0.13	15.87	0.00	13.06	33.33	63.20	66.67	7.87	0.00	0.03	0.00	0.00	0.03	0.00

\* Based on 2008 Peer Small Business Data: US.

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

\*\*\* Source Data - Dun and Bradstreet 2009

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS												Geography: STATE OF PENNSYLVANIA					Evaluation Period: January 1, 2007 to December 31, 2009				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*										
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	3	0.18	0.78	0.00	7.67	0.00	59.83	0.00	31.72	100.00	0.67	0.00	0.00	0.00	2.17						
Reading, PA MSA 39740	24	1.46	0.71	0.00	1.15	0.00	86.96	91.67	11.18	8.33	1.09	0.00	0.00	1.17	0.00						
<b>Limited Review:</b>																					
Lancaster, PA MSA 29540	1,600	97.26	0.38	0.00	2.78	10.75	93.16	88.69	3.68	0.56	30.95	0.00	71.74	29.22	7.14						
State College, PA MSA 44300	7	0.43	1.06	0.00	15.83	28.57	54.09	42.86	29.02	28.57	3.39	0.00	9.52	0.00	0.00						
Scranton-Wilkes-Barre, PA MSA 42540	0	0.00	0.00	0.00	3.90	0.00	69.41	0.00	26.68	0.00	0.00	0.00	0.00	0.00	0.00						
Schuylkill County Non-MSA	0	0.00	0.00	0.00	2.70	0.00	72.97	0.00	24.32	0.00	0.00	0.00	0.00	0.00	0.00						
Monroe County, Non-MSA	0	0.00	0.00	0.00	0.00	0.00	31.50	0.00	68.50	0.00	0.00	0.00	0.00	0.00	0.00						
York-Hanover, PA MSA 49620	11	0.67	3.60	0.00	3.60	0.00	86.33	100.00	6.47	0.00	3.29	0.00	0.00	3.50	0.00						

\* Based on [Year] Peer Small Business Data: US.

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

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: STATE OF PENNSYLVANIA						Evaluation Period: January 1, 2007 to December 31, 2009						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	648	35.51	19.46	13.98	20.13	24.88	23.70	21.30	36.71	39.84	2.57	3.79	2.84	1.59	2.91
Reading, PA MSA 39740	336	18.41	17.73	21.58	19.00	24.32	24.38	20.55	38.90	33.56	1.84	5.50	2.15	1.00	1.41
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	323	17.70	15.76	14.29	19.70	31.79	26.55	25.36	37.99	28.57	1.34	2.39	1.58	0.97	1.21
State College, PA MSA 44300	350	19.18	18.06	4.57	19.42	16.46	23.44	18.29	39.09	60.67	7.07	3.94	4.33	5.71	9.38
Scranton-Wilkes-Barre, PA MSA 42540	99	5.42	19.48	18.56	18.97	35.05	22.94	15.46	38.61	30.93	1.45	3.44	1.62	0.86	1.14
Schuylkill County Non-MSA	38	2.08	17.34	7.89	19.95	31.58	24.41	15.79	38.30	44.74	2.34	2.10	3.30	1.25	2.53
Monroe County, Non-MSA	28	1.54	12.72	0.00	14.39	17.86	19.97	14.29	52.92	67.86	0.71	0.00	0.45	0.66	0.78
York-Hanover, PA MSA 49620	3	0.16	20.94	0.00	21.16	66.67	25.85	33.33	32.05	0.00	0.09	0.00	0.15	0.15	0.00

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 9.8% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT												Geography: STATE OF PENNSYLVANIA					Evaluation Period: January 1, 2007 to December 31, 2009				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share										
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	609	38.84	19.46	11.86	20.13	20.27	23.70	26.98	36.71	40.89	10.63	9.25	9.58	10.55	11.56						
Reading, PA MSA 39740	539	34.38	17.73	15.06	19.00	27.61	24.38	23.36	38.90	33.98	11.07	14.20	14.81	9.38	9.27						
<b>Limited Review:</b>																					
Lancaster, PA MSA 29540	107	6.82	15.76	9.38	19.70	32.29	26.55	29.17	37.99	29.17	1.77	2.10	1.90	1.94	1.47						
State College, PA MSA 44300	109	6.95	18.06	2.86	19.42	12.38	23.44	29.52	39.09	55.24	6.27	0.00	1.12	9.09	7.06						
Scranton-Wilkes-Barre, PA MSA 42540	108	6.89	19.48	16.19	18.97	20.00	22.94	23.81	38.61	40.00	5.14	4.52	4.21	5.25	5.73						
Schuylkill County Non-MSA	54	3.44	17.34	20.75	19.95	24.53	24.41	30.19	38.30	24.53	3.84	2.08	6.25	4.86	2.81						
Monroe County, Non-MSA	41	2.61	12.72	7.69	14.39	12.82	19.97	10.26	52.92	69.23	4.49	11.11	3.66	1.71	5.29						
York-Hanover, PA MSA 49620	1	0.06	20.94	0.00	21.16	0.00	25.85	0.00	32.05	0.00	0.00	0.00	0.00	0.00	0.00						

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 8% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: STATE OF PENNSYLVANIA						Evaluation Period: January 1, 2007 to December 31, 2009						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	1,255	39.84	19.46	7.88	20.13	18.36	23.70	29.25	36.71	44.51	3.79	4.62	2.95	4.24	3.77
Reading, PA MSA 39740	870	27.62	17.73	9.23	19.00	21.82	24.38	27.43	38.90	41.52	3.76	7.14	4.58	3.41	3.17
<b>Limited Review:</b>															
Lancaster, PA MSA 29540	326	10.35	15.76	6.80	19.70	35.92	26.55	23.62	37.99	33.66	1.14	1.38	2.24	0.86	0.67
State College, PA MSA 44300	292	9.27	18.06	2.62	19.42	11.61	23.44	25.09	39.09	60.67	4.15	0.66	3.01	4.45	5.13
Scranton-Wilkes-Barre, PA MSA 42540	204	6.48	19.48	8.59	18.97	16.16	22.94	18.18	38.61	57.07	1.82	2.27	1.79	1.32	2.08
Schuylkill County Non-MSA	109	3.46	17.34	7.92	19.95	19.80	24.41	30.69	38.30	41.58	3.31	4.67	4.55	3.60	2.34
Monroe County, Non-MSA	92	2.92	12.72	7.87	14.39	19.10	19.97	14.61	52.92	58.43	1.09	2.90	2.08	0.42	1.10
York-Hanover, PA MSA 49620	2	0.06	20.94	0.00	21.16	0.00	25.85	0.00	32.05	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2008 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 11% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: STATE OF PENNSYLVANIA					Evaluation Period: January 1, 2007 to December 31, 2009	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*			
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less		
<b>Full Review:</b>											
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	566	24.31	74.87	42.58	47.35	26.33	26.33	1.20	1.67		
Reading, PA MSA 39740	741	31.83	76.04	44.94	44.80	27.26	27.94	2.21	3.19		
<b>Limited Review:</b>											
Lancaster, PA MSA 29540	608	26.12	75.99	56.25	58.88	18.75	22.37	1.29	2.09		
State College, PA MSA 44300	211	9.02	71.54	58.77	52.61	25.59	21.80	1.79	2.83		
Scranton-Wilkes-Barre, PA MSA 42540	119	5.11	73.74	62.18	68.91	15.97	15.13	0.58	1.10		
Schuylkill County Non-MSA	55	2.36	74.72	41.82	43.64	25.45	30.91	0.89	1.24		
Monroe County, Non-MSA	26	1.12	75.14	65.38	61.54	26.92	11.54	0.24	0.46		
York-Hanover, PA MSA 49620	3	0.13	70.96	33.33	0.00	33.33	66.67	0.03	0.05		

\* Based on 2008 Peer Small Business Data: US.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2009).

\*\*\*\* 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 8.2% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: STATE OF PENNSYLVANIA			Evaluation Period: January 1, 2007 to December 31, 2009				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	3	0.18	96.90	33.33	0.00	66.67	33.33	0.67	0.00
Reading, PA MSA 39740	24	1.46	97.25	87.50	62.50	12.50	25.00	1.09	1.28
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	1,600	97.26	97.07	92.75	68.69	18.94	12.38	30.95	33.07
State College, PA MSA 44300	7	0.43	98.15	85.71	71.43	28.57	0.00	3.39	4.08
Scranton-Wilkes-Barre, PA MSA 42540	0	0.00	95.66	0.00	0.00	0.00	0.00	0.00	0.00
Schuylkill County Non-MSA	0	0.00	97.30	0.00	0.00	0.00	0.00	0.00	0.00
Monroe County, Non-MSA	0	0.00	97.24	0.00	0.00	0.00	0.00	0.00	0.00
York-Hanover, PA MSA 49620	11	0.67	97.12	100.00	63.64	9.09	27.27	3.29	4.24

\* Based on 2008 Peer Small Business Data: US.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2009).

\*\*\*\* 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 4.04% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATE OF PENNSYLVANIA				Evaluation Period: September 24, 2007 through April 5, 2010			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	1	87	27	495	28	582	23.27%	0	0
Reading, PA MSA 39740	3	914	19	129	22	1,043	41.70%	0	0
<b>Limited Review:</b>									
Lancaster, PA MSA 29540	0	0	5	16	5	16	0.64%	0	0
State College, PA MSA 44300	0	0	6	23	6	23	0.92%	0	0
Scranton-Wilkes-Barre, PA MSA 42540	0	0	6	3	6	3	0.12%	0	0
Schuylkill County Non-MSA	1	824	4	7	5	831	33.23%%	0	0
Monroe County, Non-MSA	0	0	4	3	4	3	0.12%	0	0
York-Hanover, PA MSA 49620	0	0	0	0	0	0	0%	0	0

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

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



Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: STATEWIDE/REGIONAL							
<b>Evaluation Period:</b> September 24, 2007 through April 5, 2010									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Statewide/Regional Investments that benefit more than one assessment area	2	1,682	1	5,132	3	6,814	38.11%	0	0
Statewide/Regional Investments that have the potential to benefit one or more of the assessment areas	3	8,565	1	2,500	4	11,065	61.89%	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: STATE OF PENNSYLVANIA							
Evaluation Period: September 24, 2007 through April 5, 2010																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Allentown-Bethlehem-Easton, PA-NJ MSA 10900	36.74	39	45.88	2.56	15.38	41.0 3	41.0 3	0	10	0	-1	-5	-4	4.15	23.00	49.31	23.54
Reading, PA MSA 39740	36.56	20	23.53	5.00	5.00	65.0 0	25.0 0	0	0	0	0	0	0	7.37	12.67	64.96	15.00
<b>Limited Review:</b>																	
Lancaster, PA MSA 29540	6.88	5	5.88	0.00	20.00	80.0 0	0.00	0	0	0	0	0	0	3.13	8.69	79.02	9.15
State College, PA MSA 44300	7.93	5	5.88	20.0 0	0.00	40.0 0	40.0 0	0	0	0	0	0	0	7.31	17.66	40.93	30.11
Scranton-Wilkes-Barre, PA MSA 42540	7.65	8	9.41	0.00	0.00	25.0 0	75.0 0	0	0	0	0	0	0	0.00	11.47	71.71	16.82
Schuylkill County Non-MSA	2.4	4	4.71	0.00	50.00	50.0 0	0.00	0	0	0	0	0	0	0.00	13.79	75.13	11.08
Monroe County, Non-MSA	1.84	3	3.53	0.00	0.00	33.3 3	66.6 7	0	1	0	0	-1	0	0.00	0.00	37.16	62.84
York-Hanover, PA MSA 49620	0.00	1	1.18	100.00	0.00	0.00	0.00	0	0	0	0	0	0	10.90	18.75	61.80	8.55