



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

Public Disclosure

October 02, 2006

Community Reinvestment Act  
**Performance Evaluation**

Commerce Bank, National Association  
Charter Number: 17094

2005 Market Street  
Philadelphia, PA 19103

Office of the Comptroller of the Currency

Mid-size Banks - Blue  
440 South Lasalle Street 2700  
Chicago, IL 60605

**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>A GOOD LEVEL OF LENDING ACTIVITY</b> .....	<b>2</b>
• <b>A GOOD GEOGRAPHIC DISTRIBUTION OF LOANS</b> .....	<b>2</b>
• <b>AN EXCELLENT DISTRIBUTION OF LOANS AMONG INDIVIDUALS OF DIFFERENT INCOME LEVELS.</b> 2	
• <b>COMMUNITY DEVELOPMENT LENDING LEVELS THAT HAD A POSITIVE IMPACT ON THE LENDING TEST RATING</b> .....	<b>2</b>
• <b>FLEXIBLE LOAN PRODUCTS THAT HAD A POSITIVE IMPACT ON THE LENDING TEST RATING</b> .....	<b>2</b>
• <b>AN EXCELLENT LEVEL OF QUALIFIED INVESTMENTS THAT SERVE THE ASSESSMENT AREAS, INCLUDING THOSE MADE ON A STATEWIDE AND REGIONAL BASIS</b> .....	<b>2</b>
• <b>SERVICE DELIVERY SYSTEMS THAT ARE ACCESSIBLE TO GEOGRAPHIES AND INDIVIDUALS OF DIFFERENT INCOME LEVELS</b> .....	<b>2</b>
• <b>AN EXCELLENT LEVEL OF QUALIFIED COMMUNITY DEVELOPMENT SERVICE ACTIVITIES</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 REVIEW</b> .....	<b>11</b>
<b>STATE RATING</b> .....	<b>12</b>
STATE OF NEW JERSEY .....	12
<b>STATE RATING</b> .....	<b>25</b>
STATE OF PENNSYLVANIA.....	25
<b>STATE RATING</b> .....	<b>35</b>
STATE OF NEW YORK.....	35
<b>STATE RATING</b> .....	<b>47</b>
STATE OF DELAWARE .....	47
<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 **Outstanding**.

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

Performance Levels	Commerce Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- A good level of lending activity.
- A good geographic distribution of loans.
- An excellent distribution of loans among individuals of different income levels.
- Community development lending levels that had a positive impact on the Lending Test rating.
- Flexible loan products that had a positive impact on the Lending Test rating.
- An excellent level of qualified investments that serve the assessment areas, including those made on a statewide and regional basis.
- Service delivery systems that are accessible to geographies and individuals of different income levels.
- An excellent level of qualified community development service activities.

## 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.

**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 household 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Commerce Bank, N.A. (CBNA) is an interstate bank formerly headquartered in Cherry Hill, New Jersey. CBNA relocated its headquarters to Philadelphia, Pennsylvania during the evaluation period. CBNA operates in the States of New Jersey, Pennsylvania, New York, Delaware, Connecticut, Florida, and in the DC Metro area. CBNA is a wholly owned subsidiary of Commerce Bancorp, Inc. (Bancorp), a multi-bank holding company. Bancorp had total average assets of \$39 billion as of March 31, 2006. Bancorp's other subsidiary is a state chartered bank.

CBNA's operating subsidiaries include Commerce Capital Markets, which engages in securities, investment banking, and brokerage activities; and eMoney Advisors, an on-line wealth management system. CBNA's operating subsidiaries had no impact on the bank's capacity to lend in the assessment areas where it operates.

CBNA is a full service interstate bank with 362 branches throughout its assessment area (AA). Of this total, 28 are located in the DC Metro area, Connecticut, and Florida. The bank's entry into these markets did not occur until the end of the evaluation period, specifically the third and fourth quarters of 2005. There is not sufficient lending data available to make any analysis within these areas meaningful, therefore information on these states will not appear in the analysis or tables sections of this Evaluation, and no ratings will be assigned.

The bank is a growth oriented institution focusing in core deposit growth through de novo expansion. The bank has grown through an aggressive strategy of attracting retail core deposits by offering excellent customer service at its expanding and distinctive branch network. Management believes the company's value lies in its core deposit base, which is the foundation of their operations. Commerce was one of the first U.S. banks to offer seven-day-a-week banking, and promotes itself as "America's Most Convenient Bank." The bank grew by 159 branches through de novo expansion and some limited merger and acquisition activity. During the evaluation period three former affiliate national banks were merged into CBNA for operational purposes: Commerce Bank/Shore N.A. (May 2004); Commerce Bank/Delaware N.A. (May 2005); and Commerce Bank/Pennsylvania N.A. (July 2005). Management requested that the loans made by these former affiliates during the evaluation period be considered for the Lending Test. No affiliate took credit for these loans under a separate CRA evaluation. Also, in December 2005 the bank acquired a small state chartered bank in Southeast Florida.

As of June 30, 2006, CBNA had \$36.9 billion in average assets that included \$13 billion in net loans, representing 35.2 percent of average assets. The bank's loan mix consists of 75 percent real estate loans, 15 percent commercial and industrial loans, 4 percent lease finance receivables, 3 percent loans to individuals, and 3 percent municipal loans. During the evaluation period, core deposits increased by 68 percent and net loans increased by 71 percent. As of June 30, 2006, CBNA reported Tier One Capital of \$2.28 billion.

CBNA operates in a competitive financial services market with consumer finance companies, large national and regional banks, credit unions, savings banks, and community banks. CBNA is not subject to any known financial, legal, or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment area.

CBNA's last CRA exam was March 31, 2003, at which time, the bank's performance was rated "Outstanding".

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

The evaluation period covered January 1, 2003 through December 31, 2005 for Home Mortgage Disclosure Act (HMDA) loans and small business loans. The market share and peer comparisons are based on the information contained in the aggregate HMDA Register for 2004 and Small Business/Farm Register for 2005. The aggregate HMDA and Small Business/Farm Reports are available for public review.

The Lending Test evaluation period was effected by the implementation of changes to Metropolitan Statistical Area (MSA) designations made by the Office of Management and Budget (OMB), which became effective in 2004. Due to this change, the Lending Test evaluation period has been divided into two segments as follows:

January 1, 2003 – December 31, 2003: 2000 Census data used in the analysis for this time period.

January 1, 2004 – December 31, 2005: 2000 Census data used in the analysis for this time period. Also, new OMB MSA designations are used in this analysis, therefore assessment area designations and demographics are different than those used in 2003. (See the “Scope of the Evaluation” section in each State for further information.)

The core tables (see Appendix C) have been produced only for the 2004-2005 segment of the evaluation period, however an analysis of the 2003 loan information is contained in the narrative and factored into the assigned rating. CBNA’s volume of multifamily loans and small loans to farms originated within its AAs during the entire evaluation period was too insignificant to evaluate therefore Tables 5, 7, and 12 were eliminated.

The evaluation period for community development loans, investments, and services is March 31, 2003 through October 02, 2006. This represents the time period between the start dates of the bank’s last and current CRA exams. We based our conclusions related to community development loans and qualified investments on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which these instruments are not routinely provided by others.

## Data Integrity

We performed a data integrity exam of the loan information indicated above. We chose samples with 95 percent reliability and 5 percent precision, which resulted in random samples of 60 HMDA loans and 60 small business loans. We compared the information contained on the publicly filed loan register to the information contained in the bank’s loan files, and evaluated the processes bank employees use to ensure data accuracy. We found the bank’s HMDA loan and small business loan data to be of good quality.

## Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of AAs within that state was selected for full-scope reviews. Refer to the “Scope” section under each state rating for details regarding how the areas were selected and why they are representative.

## **Ratings**

The bank’s overall rating is a blend of the state ratings. In arriving at the overall rating, the greatest weight was given to the State of New Jersey, followed respectively by the states of Pennsylvania, New York, and Delaware.

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

The Lending Test was weighted more heavily than the Investment and Service tests. When determining conclusions for the Lending Test, home mortgage products received more weight than small loans to businesses. This weighting is reflective of CBNA’s volume by loan type over the evaluation period.

## **Fair Lending Review**

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

# State Rating

## State of New Jersey

**CRA Rating for New Jersey: Outstanding**

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

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

The major factors that support this rating include:

- Lending levels that reflect good responsiveness by CBNA to the credit needs of its AAs.
- A good distribution of loans among geographies of different income levels throughout the AAs.
- An excellent distribution of loans among borrowers of different income levels throughout the AAs.
- Innovative and flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect an excellent responsiveness to the credit and community development needs of the AAs.
- Service delivery systems that are accessible to geographies and individuals of different income levels in the AAs.
- Excellent performance in providing community development services.

## Description of Institution's Operations in New Jersey

CBNA has seven AAs within the State of New Jersey. They include the Camden MSA, Edison MSA, Atlantic City MSA, Newark-Union MSA, Cape May MSA, Trenton-Ewing MSA, and the Vineland-Millville-Bridgeton MSA. CBNA has 155 branches within the state, which represents 44 percent of the bank's total branch network. The State of New Jersey represents 54 percent of CBNA's total deposits. The bank ranked fourth in the state for deposit market share with 6.66 percent of deposits, per Federal Deposit Insurance Corporation data as of June 30, 2005. During the evaluation period, CBNA originated 63 percent of its total HMDA and 54 percent of its total small business loan volume within New Jersey.

Refer to the Market Profiles for the State of New Jersey in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

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

We conducted full-scope reviews of the Camden MSA and Edison MSA AAs, as these two areas combined represent 77 percent of the total lending in the state, 65 percent of the total number of branches, and 65 percent of the total deposits within the state. The two AAs were weighted equally. Within the 2003 lending data for New Jersey, the only area receiving a full-scope review is the Camden-Burlington-Gloucester AA; this geographic area is consistent with the currently named Camden MSA AA. Of the seven AAs within the State of New Jersey in 2003, the Camden-Burlington-Gloucester AA represented 44 percent of total lending in the state and 56 percent of total deposits.

Home mortgage lending was given more weight when arriving at the bank's overall performance in lending based on the volume of home mortgage lending, historical business focus, and strategy of the bank.

We conducted and reviewed recent community contacts for both AAs during this evaluation to identify community development needs and opportunities within the AAs. In the Camden AA, the contact concluded the primary needs of the area are funding for small and start-up businesses, along with support for affordable housing development. In the Edison AA, according to the community contacts, there is a need for affordable housing, first time home-buyer education, first time home buyer loan programs, home repair loans, loans to non-profits (so they can make needed repairs to their facilities and continue operations), small business seminars, and access to capital for businesses trying to expand. Refer to the Market Profile section in Appendix C for more information.

## **LENDING TEST**

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

The bank's performance under the lending test in New Jersey is rated "Outstanding". Based on full-scope reviews, the bank's performance is good in the Camden AA and excellent in the Edison MSA AAs.

### **Lending Activity**

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

The bank's leading product was home mortgage loans, representing 83 percent of the loans originated during the evaluation period in the Edison MSA AA and 70 percent in the Camden MSA AA. Small loans to businesses accounted for 17 percent of originated loans in the Edison MSA AA and 30 percent in the Camden MSA AA.

Among originated home mortgage loans, 48 percent of Edison AA loans and 36 percent of Camden AA loans were for home improvement; 30 percent of Edison AA loans and 36 percent of Camden AA loans were home mortgage refinance loans; and 22 percent of Edison AA loans and 28 percent of Camden AA loans were for home purchase.

CBNA's overall lending activity in the two full-scope AAs is good.

CBNA's lending activity is good in the Camden MSA AA. CBNA ranks first for deposits with a 37.22 percent market share. CBNA ranked second in overall home mortgage lending with a 4 percent market share based on 2004 HMDA aggregate data. CBNA is the number one originator and purchaser of home improvement loans (18.80 percent), and ranks 12<sup>th</sup> for home purchase and 16<sup>th</sup> for home refinance loans. Home purchase lending in the AA is dominated by non-bank financial institutions; no full service banks providing services to the AA out rank CBNA in home purchase lending. Similarly, of the 15 institutions ranked higher than CBNA in home refinance lending, only two are full service banks providing services to the AA. Based on 2005 CRA aggregate data, CBNA is ranked 11<sup>th</sup> for originations and purchases of small loans to businesses.

CBNA's lending activity in the Edison MSA AA is good. CBNA ranks fifth for deposits with a 7.99 percent market share. Competition is strong in the AA with 377 reporting lenders, the top five holding nearly a quarter of the market. CBNA ranked 17<sup>th</sup> in overall home mortgage lending based on 2004 HMDA aggregate data. CBNA is ranked second for home improvement loans (7.64 percent). CBNA is outranked in the home improvement market by a large regional bank. CBNA is ranked 21<sup>st</sup> for home purchase loans, and of the 20 lenders ranked higher, only two are full service lenders operating in the AA. CBNA is ranked 34<sup>th</sup> for home refinance loans. Based on 2005 CRA aggregate data, CBNA is ranked 13<sup>th</sup> in the origination and purchase of small loans businesses.

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

The geographic distribution of CBNA's home mortgage loans and small loans to businesses reflect good penetration throughout the full scope AA geographies.

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

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

The overall geographic distribution of home mortgage loans is good. The geographic distribution is adequate in the Camden AA and excellent in the Edison AA.

The geographic distribution of home purchase loans is excellent in both the Camden and Edison AAs. In the Camden AA, the portion of home purchase loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds, and in moderate-income geographies, substantially meets the bank's overall market share of home purchase loans. In the Edison AA, the portion of home purchase loans made in low-income geographies is near to, and in moderate-income geographies, exceeds the portion of

owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share. For 2003, the bank's geographic distribution of home purchase loans was consistent with the overall excellent performance. The portion of home purchase loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds, and in moderate-income geographies, meets the bank's overall market share of home purchase loans.

The geographic distribution of home improvement loans is adequate in the Camden AA and good in the Edison AA. In the Camden AA, the portion of home improvement loans made in both low and moderate-income geographies is somewhat lower than the portion of owner-occupied housing units that are in those geographies. However, based on 2004 peer mortgage data, CBNA is the second highest originator and purchaser of home improvement loans in low-income geographies, and is ranked first in moderate-income geographies. The market share of loans originated in both low and moderate-income geographies is somewhat below the bank's overall market share of home improvement loans. In the Edison AA, the portion of home improvement loans made in low-income geographies is somewhat lower than, and in moderate-income geographies, exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low-income geographies substantially meets, and in moderate-income geographies, exceeds the bank's overall market share. For 2003, the bank's geographic distribution of home improvement loans in the Camden AA was consistent with the overall adequate performance. The portion of home purchase loans made in low-income geographies is near to, and in moderate-income geographies, is somewhat lower than the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies substantially meets, and in moderate-income geographies, exceeds the bank's overall market share of home improvement loans.

The geographic distribution of home refinance loans is adequate in the Camden AA and excellent in the Edison AA. In the Camden AA, the portion of home refinance loans made in low-income geographies is very near to, and in moderate-income geographies, meets the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low and moderate-income geographies exceeds the bank's overall market share of home refinance loans. In the Edison AA, the portion of home refinance loans made in low-income geographies is very near to, and in moderate-income geographies, exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share. The 2003 performance was considered in the bank's performance in the geographic distribution of home refinance loans in the Camden AA; the weaker performance in 2003 negatively affected the overall performance. In 2003, the portion of home refinance loans made in low and moderate-income geographies is lower than the portion of owner-occupied housing units that are in those geographies.

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

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

The overall geographic distribution of small loans to businesses is good. Distribution is adequate in the Camden AA and excellent in Edison AA. In the Camden AA, the portion of small loans to businesses made in low-income geographies is somewhat below the portion of businesses that are in those geographies, while the portion of small loans to businesses made in moderate-income geographies is near to the portion of businesses that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share. In the Edison AA the portion of small loans to businesses made in low-income geographies is very near to, and in moderate-income geographies, exceeds the portion of businesses that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share. The 2003 performance was considered in the bank's performance in the geographic distribution of small loans to businesses in the Camden AA; the weaker performance in 2003 negatively affected the overall performance in the geographic distribution of small business loans. For 2003, the bank's geographic distribution of small business loans was somewhat weaker than the 2004-2005 performance. The portion of small business in both low and moderate-income geographies is somewhat lower than the portion of businesses that are in those geographies. The market share of loans originated in low-income geographies exceeds and in moderate-income geographies substantially meets the bank's overall market share of home refinance loans.

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

Reports detailing CBNA's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

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

This portion of the evaluation was performed at the bank level. A substantial majority (93 percent) of home mortgage loans and of small business loans (88 percent) were made within the bank's 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 borrower distribution of CBNA's home mortgage and small loans to businesses reflects an excellent dispersion among borrowers of different income levels. The dispersion among borrowers is excellent throughout both the Camden and Edison AAs. In the evaluation of borrower distribution, we gave consideration to the poverty level in each of the AAs. The percentage of households living below the poverty level in the Camden and Edison AAs is 7 percent and 6 percent, respectively. Per the Department of Health and Human Services, the 2005 poverty income level is \$19,350 for a family of four. We also considered the median housing values which are somewhat high in the Camden AA at \$121,422; and high in the Edison AA at \$182,418. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

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

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

The overall distribution of home mortgage loans is excellent in both the Camden and Edison AAs.

Home purchase loan borrower distribution is excellent in the Camden AA and good in the Edison AA. In the Camden AA, the portion of home purchase loans to low-income borrowers is somewhat lower than the portion of low-income families, but is excellent when adjusted for the 7 percent of families living below the poverty level. The portion of home purchase loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers exceeds, and to moderate-income borrowers, substantially meets CBNA's overall market share in the AA for home purchase loans. In the Edison AA, the portion of home purchase loans to low-income borrowers is somewhat lower than the portion of low-income families, but is adequate when adjusted for the 6 percent of families living below the poverty level. The portion of home purchase loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers exceeds, and to moderate-income borrowers substantially meets, CBNA's overall market share in the AA for home purchase loans. For 2003, the bank's borrower distribution of home purchase loans was consistent with the overall excellent performance. The portion of home purchase loans made to low-income borrowers is very near to, and to moderate-income borrowers exceeds, the portion of families defined as such. The market share of loans made to low-income borrowers significantly exceeds, and to moderate-income borrowers equals, the bank's overall market share in the AA.

Home improvement loan borrower distribution is excellent in each AA. In the Camden AA the portion of home improvement loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the 7 percent of families living below the poverty level. The portion of home improvement loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to both low and moderate-income borrowers exceeds CBNA's overall market share in the AA for home improvement loans. In the Edison AA, the portion of home improvement loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the 6 percent of families living below the poverty level. The portion of home improvement loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to both low and moderate-income borrowers exceeds CBNA's overall market share in the AA. For 2003, the bank's borrower distribution of home improvement loans was consistent with the overall excellent performance. The portion of home improvement loans made to low-income borrowers is near the portion of low-income families; and is excellent when considering the portion of families living below the poverty level. The portion of home improvement loans made to moderate-income borrowers exceeds the portion of families defined as such. The market share of loans made to both low and moderate-income borrowers exceeds the bank's overall market share in the AA.

Refinance loan borrower distribution is excellent in both the Camden and Edison AAs. In the Camden AA the portion of home refinance loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the 7 percent of families

living below the poverty level. The portion of home refinance loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers exceeds, and to moderate-income borrowers substantially meets, CBNA's overall market share in the AA for home refinance loans. In the Edison AA, the portion of home refinance loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the 6 percent of families living below the poverty level. The portion of home refinance loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to both low and moderate-income borrowers exceeds CBNA's overall market share in the AA. For 2003, the bank's borrower distribution of home refinance loans was consistent with the overall excellent performance. The portion of home refinance loans made to low-income borrowers is somewhat lower than the portion of low-income families, but is good when considering the portion of families living below the poverty level. The portion of home refinance loans made to moderate-income borrowers exceeds the portion of families defined as such. The market share of loans made to both low-income borrowers exceeds, and to moderate-income borrowers equals, the bank's overall market share in the AA.

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

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

The borrower distribution of small loans to businesses is adequate in both the Camden and Edison AAs. The portion of CBNA loans to small businesses (businesses with revenues of \$1 million or less) is near to the portion of businesses that are defined as such in both the Camden and Edison AAs. The portion of loans of \$100,000 or less in the Camden AA and in the Edison AA exceeds the portion of businesses that are defined as small in each AA. In addition, the market share of small loans to small businesses exceeds CBNA's overall market share in both AAs. For 2003, the borrower distribution of small loans to businesses is consistent with the overall distribution. The portion of loans to small businesses is near to the portion of businesses defined as such in the AA. The portion of loans of \$100,000 or less substantially meets the portion of businesses that are defined as small in each AA. In addition, the market share of small loans to small businesses substantially exceeds CBNA's overall market share in both AAs.

### **Community Development Lending**

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

CBNA's level of Community Development (CD) lending had a neutral impact on the evaluation of its lending performance in the State of New Jersey. CBNA originated 13 CD loans totaling \$29.6 million in its Camden AA. The majority of these loans were made to organizations dedicated to the development or provision of affordable housing for low and moderate-income individuals. CBNA originated four CD loans for a total of \$10.9 million in its Edison AA. The loans were made to organizations that provide affordable housing primarily for low and moderate-income individuals, or provide services targeted to low and moderate-income individuals.

CBNA also made an additional eight loans totaling \$11.96 million within the State of New Jersey that, while not meeting all the requirements to be qualified as a community development loan, have community development characteristics.

## **Product Innovation and Flexibility**

CBNA's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance in the State of New Jersey.

The bank offers an affordable housing mortgage product called the First Step Mortgage Program for people of low or moderate-income independently and through a number of non-profit agencies involved in affordable housing. CBNA's First Step mortgage loans feature a discounted application fee of \$195 and no additional bank fees. Borrowers who complete an approved homebuyer counseling program received an interest rate below the prevailing conventional mortgage rates (1 percent below published conventional rates for low-income borrowers and 0.5 percent below published conventional rates for moderate-income borrowers) and a 3 percent down payment option. Also, private mortgage insurance is waived for home buyers purchasing in a low or moderate-income geography. There were 381 loans for \$37.337 million made in the Camden AA and 259 loans for \$38.584 million made in the Edison AA during the evaluation period.

The bank offers a Helping Hand Home Improvement Loan Program which features both a secured and unsecured loan product. Both offer a discounted interest rate (1 percent discount for low-income borrowers and a 0.5 percent discount for moderate-income borrowers), extended payment terms and flexible underwriting criteria. In May 2004, the bank dedicated a unit within the mortgage department to review home improvement loan applications that did not meet the underwriting criteria for the bank's traditional home improvement loan to determine if the applicant would be qualified for the Helping Hand loan. The result was a large increase in originations. There were approximately 456 secured loans totaling \$6.3 million and 332 unsecured loans totaling \$938,000 originated within the State of New Jersey under the Helping Hand Program during the evaluation period.

CBNA also participates in the Federal Home Loan Bank's First Home Club. An approved community service agency first qualifies low and moderate-income first time homebuyers and provides homeownership counseling, after which they are referred to the bank to set-up a dedicated savings account. The Federal Home Loan Bank matches each \$1 saved by the applicant with \$3 up to a maximum of \$5,000. At the time the mortgage is approved CBNA provides financing via their First Step mortgage product described above. During the evaluation period, 51 applicants in the State of New Jersey received grant monies totaling \$240,000.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Trenton-Ewing AA is consistent with the bank's overall performance under the lending test. In the Atlantic City, Cape May, Newark-Union, and Vineland-Millville AAs the bank's performance is weaker than the bank's overall performance. These performance differences noted did not have an impact on the lending test conclusions or rating. The volume of lending in the limited-

scope AAs is low when compared to the volume within the full-scope AAs. Refer to Tables 1 through 12 in the State of New Jersey 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 State of New Jersey is rated "Outstanding". CBNA made 118 investments in New Jersey totaling \$112 million during this evaluation period. Additionally, the bank holds \$9.6 million in qualified investments from prior evaluation periods.

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

CBNA made 69 qualified investments in the Camden AA totaling \$8.1 million, which had a positive impact on the AA needs. Approximately 90 percent of these investments were for Low Income Housing Tax Credits (LIHTCs), and 10 percent were charitable contributions made to organizations that provide community development services.

An example of an instance the bank demonstrated leadership is where CBNA was the sole equity investor in a low-income housing development for senior residents. The development project was also complex and responsive to the AA's economic redevelopment needs. The development is located in an area targeted for economic redevelopment by local government officials. In another instance, the bank is one of several investors in a LIHTC fund that builds affordable low and moderate-income rental housing. The fund pools the investment dollars of several equity partners into developments of multi-family rental housing units located in various economically distressed areas including the Camden AA.

In addition, the bank holds five prior period investments totaling \$2.6 million in the AA. These investments were in support of economic development by financing small businesses and helping to address the housing needs of low and moderate-income residents. The bank holds community development qualified mortgage backed securities, which represent mortgage pools to low and moderate-income home buyers in the AA. Other prior period investments include equity investments in organizations that provide loans and other support services to small businesses.

The Edison AA, comprised of Somerset, Middlesex, Ocean, and Monmouth counties, covers an area of central New Jersey. Although the AA includes several small cities and towns with low and moderate-income areas, such as New Brunswick and Asbury Park, it is largely suburban and wealthy in nature and does not have any larger urban centers. The 2006 HUD Estimated Median Income for the AA is \$87,500, which is the highest in New Jersey and among the highest in the nation. Consequently, with few lower income areas, no large urban centers, and the predominately wealthy, suburban demographics of the MSA, direct investment opportunities are very limited.

Due to the limited direct investment opportunities in the Edison AA, CBNA has directed a majority of its non-grant CRA investment activities in this market to statewide investments

which include this AA. Of the statewide investments discussed below, CBNA invested in eight CRA-Qualified Mortgage-Backed Securities which include properties in this AA. The portion of these securities which are secured by properties in the Edison AA total \$29.5 million and represent 85 home mortgages for low and moderate-income borrowers.

CBNA made 15 investments totaling \$103 million in entities that serve the entire State of New Jersey. This includes \$98 million in mortgage backed securities, which consists of mortgages originated within the bank's AAs. Although these investments are not considered complex, mortgage backed securities provide a significant and necessary source of liquidity for low and moderate-income mortgage originators. By purchasing these securities, CBNA helps other lenders make additional loans to low and moderate-income borrowers.

The bank holds \$6.9 million in state-wide investments originated during prior evaluation periods and \$4.8 million in unfunded state-wide investment commitments. Approximately 92 percent of prior period investment holdings represent equity investments in several Small Business Investment Corporations (SBICs) that provide startup capital and operating loans for small businesses. The bank's unfunded commitment represents an equity investment in a community development financial institution that provides loans, capital support, and advisory services to non-profit community development organizations within the AA. Investing in the fund is an innovative method of leveraging the bank's investments with other resources to reach a larger number of non-profit organizations involved in community development activities.

### **Limited-scope areas**

Performance in the limited scope areas is considered excellent based largely on the bank's state-wide investment activities. CBNA made substantial investments in qualified mortgage backed securities. These investments represent the bank's largest (by dollar) type of qualified investments and contributed greatly to the bank's overall "Outstanding" rating under the investment test.

## **SERVICE TEST**

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

The bank's performance under the Service Test in New Jersey is rated "High Satisfactory". Based on full-scope reviews, the bank's performance is good in both the Camden and in the Edison AA.

### **Retail Banking Services**

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

CBNA's delivery systems are accessible to essentially all portions of the full-scope AAs. Accessibility is good in the Camden and Edison AAs.

The geographic distribution of the bank's branch network in the Camden AA was effected by the implementation of changes to Metropolitan Statistical Area (MSA) designations made by the Office of Management and Budget (OMB), which became effective in 2004. Due to this change, the distribution of branches located in geographies designated as low-income declined; however the physical location of the branch was not changed. In the Camden AA, the distribution of CBNA's offices throughout low-income and moderate-income geographies is somewhat lower than the distribution of the population living in such geographies. However, the City of Camden, which contains the substantial majority of the low (94.7 percent) and moderate-income (51 percent) geographies within the Camden AA, has a well-developed, inexpensive mass transit bus system providing greater access to the branch network.

In the Edison AA, CBNA's office distribution in low and moderate-income geographies is somewhat lower than distribution of the population living in these geographies. However, CBNA has 20 branches located in middle-income geographies that are adjacent to and service 42 low and moderate-income geographies.

Since the last evaluation, the branch network throughout the full-scope AAs expanded by 16 branches. Two branches were opened in moderate-income geographies, eight in middle-income geographies, and six in upper-income geographies. There were no branch closures during the evaluation period.

CBNA's hours and services offered throughout the full-scope AAs are excellent. Services offered are comparable among locations regardless of the income level of the geography. Sixty-five branch offices are located within the full-scope AAs. All branches offer extended hours on every day of the week, including Saturday and Sunday hours, so that all branches are open to the public 78 hours a week. Full-service lobby banking, including lending and new account services, are provided during the extended hours.

CBNA offers alternative delivery systems in the form of ATMs. A substantial majority of the bank's ATMs are located in the full-scope AAs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through CBNA ATMs. CBNA also offers alternative delivery systems of on-line banking, bank-by-phone and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on CBNA loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

## **Community Development Services**

CBNA's performance in providing community development services is excellent in the Camden AA and good in the Edison AA.

Management and bank employees support various organizations in the communities served by the bank by offering financial expertise to such groups. Numerous personnel are members of the boards of directors or finance committees of organizations that provide community development services.

In the Camden AA, CBNA employees provide an excellent level of support to various community development service organizations. Members of the CBNA staff and senior management fill 24 Board of Director or advisory level positions of organizations providing community development services. This is in addition to their participation with 35 organizations primarily focused on providing affordable housing opportunities for low and moderate-income individuals; or supporting economic development by financing small businesses in areas targeted for development by state, local, or tribal governments.

Examples of CBNA's community development service activities in the Camden AA include participation on the Board of Directors and Loan Committee of the Neighborhood Housing Services of Camden (NHSC). NHSC is a non-profit community and housing development organization dedicated to promoting homeownership opportunities for low and moderate-income residents of Camden. NHSC provides home ownership production; home improvement loan programs; and services, such as down payment and closing cost assistance; neighborhood impact and community organizing; and individual credit and mortgage counseling to potential homebuyers. NHSC also provides default and delinquency counseling to at-risk home owners.

CBNA management also serves on the Lending Board of the Cooperative Business Assistance Corporation (CBAC). CBAC is a non-profit, public-private partnership established to encourage the growth and stability of the small business sector. CBAC facilitates opportunities for banks to make business loans in both the City of Camden and the six counties located in Southern New Jersey. CBAC provides funding that: creates jobs; provides necessary services to local residents; and rehabilitates vacant properties which ultimately contribute to the stabilization of the community. CBAC's lending programs have been recognized as a model for small business lending in a low-income urban environment by the Department of Housing and Urban Development (HUD), the Philadelphia Federal Reserve bank, U.S. Department of Commerce, and the Woodstock Institute.

In the Edison AA, CBNA employees have continued to provide good support to various community development service organizations. Members of the CBNA staff and senior management fill four Board of Director or advisory level positions of organizations providing community development services. This is in addition to their participation with 11 organizations primarily focused on small business development opportunities and the provision of services aimed at assisting low and moderate-income individuals.

Examples of CBNA's community development service activities in the Edison AA include membership in the Small Business Development Center (SBDC) in Somerville. SBDC offers small business owners the assistance with accounting and finance issues, business plan development, and legal matters. Overall, more than 23,000 potential and established business owners received consulting and training services from NJSBDC in 2005. The network also helped facilitate \$105.5 million in total loans, procurement contracts, and grants for small businesses across the state in 2005.

CBNA management also serves on the Finance Committee of Meridan Health System, which operates the Parker Family Health Center (PFHC). PFHC provides free primary health care to low-income, uninsured Monmouth County residents. Specialized services include pediatrics and children's dentistry, women's health, immunizations, a hypertension clinic, diabetes management, and an affordable prescription drug program.

Members of the CBNA staff and Senior Management also serve on the Boards of Directors of three state-wide and four multi-state organizations involved in the provision of services aimed at assisting low and moderate-income individuals and supporting economic development by financing small businesses that serve the State of New Jersey.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Atlantic City AA was consistent with the bank's overall performance. The performance in the Newark-Union; Trenton-Ewing; and Vineland-Millville AAs is weaker than the bank's overall performance under the Service Test, while performance in the Cape May AA is stronger. The weaker performance is based upon the distribution of CBNA's branches throughout low-income geographies and moderate-income geographies. These performance differences noted did not have an impact on the Service Test conclusions or rating. Refer to Table 15 in the State of New Jersey section of Appendix D for the facts and data that support these conclusions.

# State Rating

## State of Pennsylvania

**CRA Rating for Pennsylvania: Outstanding**

**The lending test is rated: Outstanding**  
**The investment test is rated: Outstanding**  
**The service test is rated: Low Satisfactory**

The major factors that support this rating include:

- Lending levels that reflect a good responsiveness by CBNA to the credit needs of its AA.
- An excellent distribution of loans among borrowers of different income levels throughout the AA.
- A good distribution of loans among geographies of different income levels throughout the AA.
- Community development lending that had a positive impact on the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect an excellent responsiveness to the credit and community development needs of the AAs.
- Service delivery systems that are reasonably accessible to geographies and individuals of different income levels in the AAs.
- Excellent performance in providing community development services.

## Description of Institution's Operations in Pennsylvania

CBNA has two AAs within the State of Pennsylvania. They include the Philadelphia MSA and the Allentown-Bethlehem-Easton MSA. CBNA has 80 branches within the state, which represents 22 percent of the bank's total branch network. The State of Pennsylvania represents 27 percent of CBNA's total deposits. The bank ranked eighth in the state for deposit market share with 2.69 percent of deposits, per Federal Deposit Insurance Corporation data as of June 30, 2005. During the evaluation period, CBNA originated 22 percent of its total HMDA and 54 percent of its total small business loan volume within Pennsylvania.

Refer to the Market Profiles for the State of Pennsylvania in Appendix C for detailed demographics and other performance context information for assessment area that received a full-scope review.

## **Scope of Evaluation in Pennsylvania**

We conducted a full-scope review of the Philadelphia MSA as this area represents 98 percent of the total lending in the state, 95 percent of the total number of branches, and a statistical 100 percent of the total deposits. Within the 2003 lending data for Pennsylvania, the Philadelphia-Chester-Delaware-Bucks-Montgomery AA received a full-scope review. This geographic area is consistent with the currently named Philadelphia MSA AA. No review was done of the bank's limited-scope AA (the Allentown-Bethlehem-Easton MSA), as the bank did not enter this AA until the third quarter of 2005; and therefore sufficient data is not available to allow for a meaningful analysis.

Home mortgage lending was given more weight when arriving at the bank's overall performance in lending based on the volume of home mortgage lending, historical business focus, and strategy of the bank.

During this examination, we made and reviewed recent community contacts to determine the credit needs of this area. We determined there is an overall credit need for funding to develop affordable housing; flexible home repair loans; and access to funding for small businesses. There also is a need for financial education programs on how to qualify for and obtain small business loans. It was also noted by the community contact that there exists a need for additional bank branches in the low and moderate-income areas of Philadelphia. Refer to the Market Profile section in Appendix C for more information.

## **LENDING TEST**

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

The bank's performance under the lending test in Pennsylvania is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Philadelphia MSA AA is excellent.

### **Lending Activity**

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

The bank's leading product was home mortgage loans, representing 76 percent of the loans originated during the evaluation period in the Philadelphia MSA AA. Small loans to businesses accounted for 24 percent of originated loans.

Among originated home mortgage loans, 38 percent of the loans were for home refinance, 37 percent for home improvement, and 24 percent were for home purchase.

CBNA's overall lending activity in the full-scope AA is good. CBNA ranks fifth for deposits with a 7.54 percent market share. CBNA ranked 22<sup>nd</sup> in overall home mortgage lending with a 1.12 percent market share based on 2004 HMDA aggregate data. CBNA is ranked fourth for the origination and purchase of home improvement loans (4.65 percent), and ranks 28<sup>th</sup> for home purchase and 42<sup>nd</sup> for home refinance loans. The home mortgage lending market in the AA is

very competitive with 837 active HMDA reporters and is dominated by non-bank financial institutions. Based on 2005 CRA aggregate data, CBNA is ranked 12<sup>th</sup> for originations and purchases of small loans to businesses.

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

The geographic distribution of CBNA's home mortgage loans and small loans to businesses reflect good penetration throughout the full scope AA geographies.

### ***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 and purchases.

The overall geographic distribution of home mortgage loans is good.

The geographic distribution of home purchase loans is excellent. The portion of home purchase loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds, and in moderate-income geographies, is somewhat below the bank's overall market share of home purchase loans. For 2003, the bank's geographic distribution of home purchase loans was consistent with the overall excellent performance. The portion of home purchase loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies substantially meets the bank's overall market share of home purchase loans.

The geographic distribution of home improvement loans is adequate. The portion of home improvement loans made in both low and moderate-income geographies is somewhat below the portion of owner-occupied housing units that are in those geographies. However, based on 2004 peer mortgage data, CBNA is the sixth highest originator and purchaser of home improvement loans in low-income geographies and is ranked seventh in moderate-income geographies. The market share of loans originated in low-income geographies meets, and in moderate-income geographies, exceeds the bank's overall market share of home improvement loans. For 2003, the bank's geographic distribution of home improvement loans was consistent with the overall performance. The portion of home purchase loans made in both low and moderate-income geographies is near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share of home improvement loans.

The geographic distribution of home refinance loans is good. In 2004-2005, the portion of home refinance loans made in low-income geographies exceeds, and in moderate-income geographies, is near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds, and moderate-income geographies, is somewhat below the bank's overall market share of home refinance loans. For 2003, the bank's geographic distribution of home refinance loans was weaker than the 2004-2005 performance. The portion of home refinance loans made in low and moderate-income geographies is somewhat lower than the portion of owner-occupied

housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies substantially meets the bank's overall market share of home refinance loans. The 2003 performance had a negative affect on the overall performance.

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

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

The geographic distribution of small loans to businesses is good. In the Philadelphia MSA AA, the portion of small loans to businesses made in both low and moderate-income geographies is near to the portion of businesses that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share. For 2003, the bank's geographic distribution of small business loans was consistent with the bank's overall good performance. The portion of small business in both low and moderate-income geographies is near to the portion of businesses that are in those geographies. The market share of loans originated in low-income geographies exceeds, and in moderate-income geographies, substantially meets the bank's overall market share of home refinance loans.

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

Reports detailing CBNA's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

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

This portion of the evaluation was performed at the bank level. A substantial majority (93 percent) of home mortgage loans and small business loans (88 percent) were made within the bank's 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 borrower distribution of CBNA's home mortgage and small loans to businesses reflects an excellent dispersion among borrowers of different income levels. In the evaluation of borrower distribution, we gave consideration to the poverty level in the AA. The percentage of households living below the poverty level in the Philadelphia MSA AA is very high at 12 percent. Per the Department of Health and Human Services, the 2005 poverty income level is \$19,350 for a family of four. We also considered the median housing value which is somewhat high at \$124,584. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

### ***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.

The overall distribution of home mortgage loans is excellent.

Home purchase loan borrower distribution is excellent. The portion of home purchase loans to low-income borrowers is somewhat lower than the portion of low-income families, but is excellent when adjusted for the 12 percent of families living below the poverty level. The portion of home purchase loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers is somewhat below, and to moderate-income borrowers, substantially meets CBNA's overall market share in the AA for home purchase loans. For 2003, the bank's borrower distribution of home purchase loans was consistent with the overall excellent performance. The portion of home purchase loans to low-income borrowers is somewhat lower than the portion of low-income families, but is excellent when adjusted for the percentage of families living below the poverty level. The portion of home purchase loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers is somewhat below and to moderate-income borrowers substantially meets CBNA's overall market share in the AA for home purchase loans.

Home improvement loan borrower distribution is excellent. The portion of home improvement loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the 12 percent of families living below the poverty level. The portion of home improvement loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers substantially meets, and to moderate-income borrowers, exceeds CBNA's overall market share in the AA for home improvement loans. For 2003, the bank's borrower distribution of home improvement loans was consistent with the overall performance. The portion of home improvement loans made to low-income borrowers is somewhat lower than the portion of low-income families, but is excellent when considering the portion of families living below the poverty level. The portion of home improvement loans made to moderate-income borrowers exceeds the portion of families defined as such. The market share of loans made to low-income borrowers is somewhat below, and to moderate-income borrowers, exceeds the bank's overall market share in the AA.

Refinance loan borrower distribution is good. The portion of home refinance loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the 12 percent of families living below the poverty level. The portion of home refinance loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to low-income borrowers is somewhat below, and to moderate-income borrowers, substantially meets CBNA's overall market share in the AA for home refinance loans. For 2003, the bank's borrower distribution of home refinance loans was consistent with the overall good performance. The portion of home refinance loans made to low-income borrowers is lower than the portion of low-income families, but is adequate when considering the portion of families living below the poverty level. The portion of home refinance loans made to moderate-income borrowers exceeds the portion of families defined as such. The market share of loans made to both low-income borrowers is somewhat below

and to moderate-income borrowers substantially meets the bank's overall market share in the AA.

### ***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 good. The portion of CBNA loans to small businesses (businesses with revenues of \$1 million or less) is very near to the portion of businesses that are defined as such in the AA. The portion of loans of \$100,000 or less exceeds the portion of businesses that are defined as small. In addition, the market share of small loans to small businesses exceeds CBNA's overall market share in the AA. For 2003, the borrower distribution of small loans to businesses is consistent with the overall distribution. The portion of loans to small businesses substantially meets the portion of businesses defined as such in the AA. The portion of loans of \$100,000 or less substantially meets the portion of businesses that are defined as small in the AA. In addition, the market share of small loans to small businesses exceeds CBNA's overall market share in the AA.

### **Community Development Lending**

Refer to Table 1 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.

CBNA's level of Community Development (CD) lending had a positive impact on the evaluation of its lending performance in the State of Pennsylvania. CBNA originated 13 CD loans for \$56.5 million in the Philadelphia AA. These loans were made to organizations that provide community services targeted to low and moderate-income individuals, and to organizations that provide affordable housing for low and moderate-income individuals.

CBNA also made an additional six loans totaling \$1.5 million dollars within the State of Pennsylvania that while not meeting all the requirements to be qualified as a community development loan, have community development characteristics.

### **Product Innovation and Flexibility**

CBNA's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance in the State of Pennsylvania.

The bank offers an affordable housing mortgage product, the First Step Mortgage Program, independently, and through a number of non-profit agencies involved in affordable housing for people of low or moderate-income. CBNA's First Step mortgage loans feature a discounted application fee of \$195 and no additional bank fees. Borrowers who complete an approved homebuyer counseling program received an interest rate below the prevailing conventional mortgage rates (1 percent below published conventional rates for low-income borrowers and 0.5 percent below published conventional rates for moderate-income borrowers) and a 3 percent down payment option. Also, private mortgage insurance is waived for home buyers

purchasing in a low or moderate-income geography. There were 288 loans for \$22.5 million made in the Philadelphia AA during the evaluation period.

The bank offers a Helping Hand Home Improvement Loan Program which features both a secured and unsecured loan product. Both offer a discounted interest rate (1 percent discount for low-income borrowers and a 0.5 percent discount for moderate-income borrowers), extended payment terms, and flexible underwriting criteria. In May 2004, the bank dedicated a unit within the mortgage department to review home improvement loan applications that did not meet the underwriting criteria for the bank's traditional home improvement loan to determine if the applicant would be qualified for the Helping Hand loan. The result was a large increase in originations. There were approximately 228 secured loans totaling \$3.2 million and 166 unsecured loans totaling \$469,000 originated within the State of Pennsylvania under the Helping Hand Program during the evaluation period.

CBNA also participates in the Federal Home Loan Bank of Pittsburgh's First Front Door program. An approved designated agency first qualifies low and moderate-income first time homebuyers and provides homeownership counseling, after which they are referred to the bank to set-up a dedicated savings account. The Federal Home Loan Bank matches each \$1 saved by the applicant with \$3 up to a maximum of \$5,000. At the time the mortgage is approved CBNA provides a low cost mortgage at lower than market interest rates in the form of their First Step Mortgage product which is described above. During the evaluation period 121 applicants received \$600,000 in grant funding through the program.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in the State of Pennsylvania is "Outstanding".

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.

During this evaluation period, CBNA originated 103 qualified investments totaling \$39.7 million in the Philadelphia AA. The vast majority of CBNA's current period investments within the Philadelphia AA were targeted toward addressing the affordable housing needs of low and moderate-income residents. The bank made seven purchases of mortgage-backed securities totaling \$27 million. These investment securities consist of mortgage loans originated to low and moderate-income borrowers in the AA, and provide a major source of liquidity to home mortgage loan originators. Home mortgage loans for low and moderate-income borrowers has been identified as a major community credit need within the AA.

The bank also invested \$11.2 million in LIHTCs. These LIHTCs support the construction of affordable housing for low and moderate-income renters in the AA. Also, the bank invested \$750,000 in a collaborative loan fund that finances small businesses. Other investments consisted of contributions to local or regional organizations providing community development, housing, and financial services to low and moderate-income areas and residents. The bank holds an additional 5 investments in the AA from the prior period totaling \$6.8 million. Prior period investments are primarily in support of providing affordable housing for LMI residents.

CBNA also holds 4 prior period investments totaling \$3.2 million that were made in the greater state-wide area that includes the bank's assessment area.

None of the investments are considered innovative or complex.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Pennsylvania is rated "Low Satisfactory". The bank's performance in the Philadelphia AA is adequate.

### **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.

CBNA's delivery systems are reasonably accessible to essentially all portions of the full-scope AA. The geographic distribution of the bank's branch network in the Philadelphia AA was effected by the implementation of changes to Metropolitan Statistical Area (MSA) designations made by the Office of Management and Budget (OMB), which became effective in 2004. Due to this change, the distribution of branches located in geographies designated as low-income was decreased while the physical location of the branch was unchanged. The distribution of CBNA's offices throughout low-income geographies and moderate-income geographies is somewhat lower than the distribution of the population living in such geographies. However, the city over Philadelphia has a well developed and inexpensive mass transportation system which allows for easy access operated by the Southeastern Pennsylvania Transportation Authority (SEPTA). Additionally, eight of the branches located in either a middle or upper-income geography are adjacent to and service the population in nine low or moderate-income geographies.

The branch network throughout the Philadelphia AA expanded by 23 branches during the evaluation period. One branch was opened in moderate-income geography, nine in middle-income geographies, and 13 in upper-income geographies. There were no branch closures during the evaluation period.

CBNA's hours and services offered throughout the AA are excellent. Services offered are comparable among locations regardless of the income level of the geography. Seventy-six branch offices are located within the full-scope AA. All branches offer extended hours on every day of the week, including Saturday and Sunday hours, so that all branches are open to the public 78 hours a week. Full-service lobby banking, including lending and new account services, are provided during the extended hours.

CBNA offers alternative delivery systems in the form of ATMs. A substantial majority of the bank's ATMs are located in the full-scope AAs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through CBNA ATMs. CBNA

also offers alternative delivery systems of on-line banking, bank-by-phone, and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on CBNA loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

## **Community Development Services**

CBNA's performance in providing community development services is excellent.

Management and bank employees support various organizations in the communities served by the bank by offering financial expertise to such groups. Numerous personnel are members of the boards of directors or finance committees of organizations that provide community development services. Members of the CBNA staff and senior management fill 14 Board of Director or advisory level positions of organizations providing community development services. This is in addition to their participation with 39 organizations, concentrating primarily in those organizations focused on providing affordable housing opportunities for low and moderate-income individuals; or supporting economic development by financing small businesses in areas targeted for development by state, local, or tribal governments.

Examples of CBNA's community development service activities in the AA include participation on the Board of Directors and Community and Economic Development Committee of the Greater Philadelphia Urban Affairs Coalition (GPUAC). GPUAC is a non-profit organization providing a comprehensive blend of community development service programs. Among the various programs offered by GPUAC's are: affordable housing loan programs including home improvement and energy loans; housing and credit counseling and financial literacy classes; and services aimed toward the prevention and remediation of homelessness. The Community and Economic Development Committee of GPUAC has recently worked with the City and community representatives to develop a Small Business Loan Program for small businesses located in low and moderate-income geographies within the city. The program was introduced in November 2006.

CBNA management also serves on the Executive Committee of the Board of Directors of the Philadelphia Development Partnership (PDP). The PDP is a non-profit, private organization whose mission is to cultivate and promote small business entrepreneurship in low and moderate-income neighborhoods within Philadelphia. PDP provides business development services such as business counseling and skills training along with access to capital through PDP's loan fund, where loans and micro equity investments (ranging between \$500 and \$25,000) are available to qualified micro-entrepreneurs.

Commerce also participated in the Earned Income Tax Credit (EITC) program in the Philadelphia AA through partnership with the Campaign for Working Families' Volunteer Income Tax Assistance (VITA) program sponsored by the Internal Revenue Service (IRS). The EITC program is an important anti-poverty program designed to reduce taxes for low and moderate-income workers. The EITC can be worth \$5,085 for a family of four per IRS 2005 guidelines. VITA partners provide free tax-preparation assistance to ensure low and moderate-income works receive the EITC to which they are entitled, saving them tax preparation fees and costly refund anticipation loan programs. Access and assistance with the

opening of savings accounts is also provided to help unbanked taxpayers by providing them access to electronic filing and refunds, encouraging savings and entrance to the financial services market.

Members of the CBNA staff and Senior Management also serve on the Boards of Directors of four multi-state organizations that serve the State of Pennsylvania and are involved in the provision of services aimed at assisting low and moderate-income individuals and supporting economic development by financing small businesses.

# State Rating

## State of New York

**CRA Rating for New York: Satisfactory**

**The lending test is rated: High Satisfactory**  
**The investment test is rated: Outstanding**  
**The service test is rated: High Satisfactory**

The major factors that support this rating include:

- Lending levels that reflect a good responsiveness by CBNA to the credit needs of its AAs.
- Good distribution of loans among borrowers of different income levels throughout the AAs.
- A good distribution of loans among geographies of different income levels throughout the AAs.
- Community development lending that had a positive impact on the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect an excellent responsiveness to the credit and community development needs of the AAs.
- Service delivery systems that are accessible to geographies and individuals of different income levels in the AAs.
- Excellent performance in providing community development services.

## Description of Institution's Operations in New York

CBNA has two AAs within the State of New York. They include the New York-Wayne-White Plains MSA (herein after referred to as the New York City MSA AA), and Nassau-Suffolk MSA. CBNA has 91 branches within the state, which represents 25 percent of the bank's total branch network. The State of New York represents 17 percent of CBNA's total deposits. The bank ranked seventh in the state for deposit market share with 0.91 percent of deposits, per Federal Deposit Insurance Corporation data as of June 30, 2005. During the evaluation period, CBNA originated 12 percent of its total HMDA and 23 percent of its total small business loan volume within New York.

Refer to the Market Profiles for the State of New York in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in New York**

We conducted full-scope reviews of both the New York City and Nassau-Suffolk MSA AAs. The two AAs were weighted equally. The New York City MSA AA accounted for 58 percent of the statewide lending activity, 45 percent of the statewide deposits, and 68 percent of the statewide branches. The Nassau-Suffolk MSA AA accounted for 42 percent of the statewide lending, 55 percent of the statewide deposits, and 32 percent of the statewide branches. Within the 2003 lending data for New York, both areas received a full-scope review. The geographic areas are consistent with the currently named AAs and will be referred to by the current names in the analysis of the 2003 lending data for consistency and clarity.

Home mortgage lending was given slightly more weight when arriving at the bank's overall performance in lending based on the volume of home mortgage lending, and historical business focus, and strategy of the bank.

Based on OCC community contacts made and reviewed during this evaluation, there are opportunities for banks to provide community development lending, services, and investments. In the Nassau-Suffolk AA the needs specifically identified were affordable housing, affordable loans to small businesses, construction and end loans for redevelopment projects, technical assistance for non-profits, and access to capital. In the New York City AA, the primary needs identified are start up financing for small businesses, financial seminars for startups, affordable housing, and education, including education of the perils of predatory lending. Refer to the Market Profile section in Appendix C for more information.

## **LENDING TEST**

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

The bank's performance under the lending test in New York is rated "High Satisfactory". Based on full-scope reviews, the bank's performance is good in both the New York City and Nassau-Suffolk AAs.

### **Lending Activity**

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

The bank's leading product was home mortgage loans, representing 60 percent of the loans originated during the evaluation period in the New York City AA and 61 percent in the Nassau-Suffolk AA. Small loans to businesses accounted for 40 percent of originated loans in the New York City AA and 39 percent in the Nassau-Suffolk AA.

Among originated home mortgage loans, 35 percent of New York City AA loans and 50 percent of Nassau-Suffolk AA loans were for home improvement; 27 percent of New York City AA loans and 30 percent of Nassau-Suffolk AA loans were for home mortgage refinance; and 38 percent of New York City AA loans and 20 percent of Nassau-Suffolk AA loans were for home purchase.

CBNA's overall lending activity in the two full-scope AAs is good.

CBNA's lending activity is good in the New York City AA. CBNA ranks 15<sup>th</sup> for deposits with a 1.43 percent market share. Based on 2004 aggregate HMDA data, CBNA is ranked 61<sup>st</sup> in home mortgage lending in the AA. Competition is extremely high in the AA as there are 726 HMDA lenders reporting, and the top five reporters have 26 percent of the market share. The market also has a high number of non-bank financial institutions offering mortgage products. The results are similar throughout the home mortgage categories. CBNA is ranked 10<sup>th</sup> for home improvement lending (2.44 percent); 72<sup>nd</sup> of 555 in home purchase loans with the top five originator and purchasers holding 31 percent of the market; and 117<sup>th</sup> of 594 in home refinance loans, with the top five holding 29 percent of the market share. Based on 2005 CRA aggregate data, CBNA is the 17<sup>th</sup> ranked originator and purchaser of small loans to businesses (0.70 percent), with the top five lenders holding 60 percent of the market share.

CBNA's lending activity in the Nassau-Suffolk AA is adequate. Competition is extremely high in the AA as there are 586 HMDA lenders reporting, and the top five reporters have 26 percent of the market share. The market also has a high number of non-bank financial institutions offering mortgage products. CBNA ranks tenth for deposits with a 2.69 percent market share. Based on 2004 aggregate HMDA data, CBNA is ranked 61<sup>st</sup> in overall home mortgage lending in the AA, 13<sup>th</sup> for home improvement loans (2.06 percent); 99<sup>th</sup> of 440 in home purchase lending, with the top five lenders holding 27 percent of the market share; and 109<sup>th</sup> out of 482 in home refinance loans, with the top five originators and purchasers holding 29 percent of the market share. Based on 2005 CRA aggregate data, CBNA is the 18th largest originator and purchaser of small loans to businesses, with the top five lenders dominating the market with a combined 65 percent market share.

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

The geographic distribution of CBNA's home mortgage loans and small loans to businesses reflect good penetration throughout the full scope AA geographies.

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

Refer to Tables 2, 3, and 4 in the State of New York 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.

The overall geographic distribution of home mortgage loans is good. The geographic distribution is good in both the New York City and in the Nassau-Suffolk AAs.

The overall geographic distribution of home purchase loans is excellent. The geographic distribution is excellent in both the New York City and Nassau-Suffolk AAs. In the New York City AA, the portion of home purchase loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, substantially meets the bank's overall market share of home purchase loans. In the Nassau-Suffolk AA, the portion of home purchase loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-

income geographies is somewhat below the bank's overall market share. For 2003, the bank's geographic distribution of home purchase loans was weaker than the overall excellent performance. In the New York City AA, the portion of home purchase loans made in both low and moderate-income geographies is somewhat lower than the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies is below the bank's overall market share of home purchase loans. In the Nassau-Suffolk AA, the portion of home purchase loans made in low-income geographies is lower than, and in moderate-income geographies, exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and moderate-income geographies, substantially meets the bank's overall market share. The 2003 performance did not have a negative effect on the banks' overall performance in the geographic distribution of home purchase loans due to the low volume of home purchase loans and the then recent expansion into the market.

The overall geographic distribution of home improvement loans is good. The geographic distribution is adequate in the New York City AA and good in the Nassau-Suffolk AA. In the New York City AA, the portion of home improvement loans made in low-income geographies is somewhat lower, and in moderate-income geographies, is near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, is somewhat below the bank's overall market share of home improvement loans. In the Nassau-Suffolk AA, the portion of home improvement loans made in low-income geographies exceeds, and in moderate-income geographies, is somewhat lower than the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, is somewhat below the bank's overall market share. For 2003, the bank's geographic distribution of home improvement loans was consistent with the overall performance. In the New York City AA, the portion of home improvement loans made in low-income geographies lower than, and in moderate-income geographies, exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, exceeds the bank's overall market share of home improvement loans. In the Nassau-Suffolk AA, the portion of home improvement loans made in low-income geographies is lower than, and in moderate-income geographies, is near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, substantially meets the bank's overall market share of home improvement loans.

The overall geographic distribution of home refinance loans is excellent. The geographic distribution is excellent in both the New York City and Nassau-Suffolk AAs. In the New York City AA, the portion of home refinance loans made in low-income geographies is near to, and in moderate-income geographies, exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds, and in moderate-income geographies, is somewhat below the bank's overall market share of home refinance loans. In the Nassau-Suffolk AA, the portion of home refinance loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies is below the bank's overall market share. For 2003, the bank's geographic distribution of home refinance loans was consistent with the overall

excellent performance. In the New York City AA, the portion of home refinance loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share of home refinance loans. In the Nassau-Suffolk AA, the portion of home refinance loans made in low-income geographies exceeds, and in moderate-income geographies, is somewhat lower than the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds, and in moderate-income geographies, is somewhat below the bank's overall market share of home refinance loans.

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

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

The overall geographic distribution of small loans to businesses is good. The geographic distribution is adequate in the New York City AA and excellent in the Nassau-Suffolk AA. In the New York City AA, the portion of small loans to businesses made in both low-income geographies is somewhat lower than and in moderate-income geographies is very near to the portion of businesses that are in those geographies. The market share of loans originated in low-income geographies is somewhat below and in moderate-income geographies exceeds the bank's overall market share. In the Nassau-Suffolk AA the portion of small loans to businesses made in low-income geographies is somewhat lower than, and in moderate-income geographies exceeds the portion of businesses that are in those geographies. The market share of loans originated in low-income geographies substantially meets, and in moderate-income geographies exceeds the bank's overall market share. For 2003, the bank's geographic distribution of small business loans in the New York City AA was weaker than, and in the Nassau-Suffolk AA was stronger than the 2004-2005 performance. The 2003 performance was considered in the overall performance.

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

Reports detailing CBNA's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

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

This portion of the evaluation was performed at the bank level. A substantial majority (93 percent) of home mortgage loans and of small business loans (88 percent) were made within the bank's 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 borrower distribution of CBNA's home mortgage and small loans to businesses reflects a good dispersion among borrowers of different income levels. The dispersion among borrowers is good in both the New York City AA and Nassau-Suffolk AA. In the evaluation of borrower

distribution, we gave consideration to the poverty level in each of the AAs. The percentage of households living below the poverty level in the New York AA is extremely high at 18 percent and in the Nassau-Suffolk AA 5 percent of households live below the poverty level. Per the Department of Health and Human Services, the 2005 poverty income level is \$19,350 for a family of four. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. We also considered the median housing values which are very high in both the New York and Nassau-Suffolk AA. Accordingly, we considered these factors in evaluating the bank's lending distribution to low-income borrowers.

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

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

The overall distribution of home mortgage loans is good in both the New York City and in the Nassau-Suffolk AA when considering the percentage of families living below the poverty level and the significantly high cost of housing in the AAs. The 2000 US Census data lists the median housing values very high in both the New York City AA at \$244,874; and in the Nassau-Suffolk AA at \$240,638. However, more current figures from the National Association of REALTORS list the 2005 median sales price significantly higher at \$495,000 and \$465,200 respectively. Assuming a low or moderate-income family was able to provide a traditional down-payment of 20 percent, the annual mortgage outlay for principal and interest only on a 30-year 5 percent fixed rate loan would be \$25,510 for a borrower in the New York City AA and \$23,974 for a borrower in the Nassau-Suffolk AA. The Housing and Urban Development (HUD) Adjusted Median Family Income for the New York AA is \$57,650 and in the Nassau-Suffolk AA is \$88,850. Therefore to be considered a low-income borrower, the annual income would be \$28,819 and \$44,416; and \$46,120 and \$71,080 for a moderate-income borrower. Low and moderate-income borrowers are therefore unlikely to be able to sustain such a high mortgage payment.

In the New York City AA the portion of home purchase loans to low-income borrowers is lower than the portion of low-income families defined as such, but is good when adjusted for the percentage of families living below the poverty level, and the very high cost of housing. The portion of home purchase loans to moderate-income borrowers is somewhat lower than the portion of families defined as such. The market share for loans made to low-income borrowers is somewhat below, and to moderate-income borrowers, exceeds CBNA's overall market share in the AA for home purchase loans. Performance in the Nassau-Suffolk AA is good. The portion of home purchase loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the percentage of families living below the poverty level. The portion of home purchase loans to moderate-income borrowers is somewhat lower than the portion of families defined as such. The market share for loans made to low-income borrowers exceeds, and to moderate-income borrowers, substantially meets CBNA's overall market share in the AA for home purchase loans. For 2003, the bank's borrower distribution of home purchase loans was consistent with the overall performance.

Home improvement loan borrower distribution is good in each AA. In the New York City AA the portion of home improvement loans to low-income borrowers is lower than the portion of low-income families defined as such, but is good when adjusted for the percentage of families living below the poverty level and cost of housing in the AA. The portion of home improvement loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to both low and moderate-income borrowers exceeds CBNA's overall market share in the AA for home improvement loans. In the Nassau-Suffolk AA, the portion of home improvement loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the percentage of families living below the poverty level. The portion of home improvement loans to moderate-income borrowers is very near to the portion of families defined as such. The market share for loans made to low-income borrowers exceeds, and to moderate-income borrowers, substantially meets CBNA's overall market share in the AA. For 2003, the bank's borrower distribution of home improvement loans was consistent with the overall good performance.

Overall, home refinance loan borrower distribution is adequate. Refinance loan borrower distribution is adequate in the New York City AA and good in the Nassau-Suffolk AA. In the New York AA, the portion of home refinance loans to low-income borrowers is lower than the portion of low-income families defined as such, but is adequate when adjusted for the large percentage of families living below the poverty level and the high cost of housing in the AA. The portion of home refinance loans to moderate-income borrowers is somewhat lower than the portion of families defined as such. The market share for loans made to low-income borrowers significantly exceeds, and to moderate-income borrowers, substantially meets CBNA's overall market share in the AA for home refinance loans. In the Nassau-Suffolk AA, the portion of home refinance loans to low-income borrowers is somewhat lower than the portion of low-income families, but is good when adjusted for the percentage of families living below the poverty level. The portion of home refinance loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers significantly exceeds, and to moderate-income borrowers, is near to CBNA's overall market share in the AA. For 2003, the bank's borrower distribution of home refinance loans was consistent with the overall adequate performance.

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

Refer to Table 11 in the State of New York 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. In both the New York City and Nassau-Suffolk AAs, the portion of CBNA loans to small businesses (businesses with revenues of \$1 million or less) is somewhat lower than the portion of businesses that are defined as such in the AAs. The portion of loans of \$100,000 or less, in both the New York and in the Nassau-Suffolk AA, exceeds the portion of businesses that are defined as small in each AA. The market share of small loans to small businesses is somewhat below CBNA's overall market share in both AAs. For 2003, the borrower distribution of small loans to businesses is consistent with the overall distribution.

### **Community Development Lending**

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

CBNA's level of Community Development (CD) lending had a positive impact on the evaluation of its lending performance in the State of New York. CBNA originated 25 CD loans totaling \$155.6 million in its New York City AA. These loans were made predominantly to organizations that provide affordable housing for low and moderate-income individuals. CBNA originated two CD loans for \$5.2 million in its Nassau-Suffolk AA. The loans were both made to organizations that provide services targeted to low and moderate-income individuals.

CBNA made an additional 10 loans totaling \$47.4 million within their New York City AA during the evaluation period. These loans were all for housing within the AA. The New York City AA is a well-known high-cost area with the 2005 median sales price of a single family home of \$495,200 per the National Association of REALTORS. While not meeting the definition of a community development loan, the housing developments funded via these loans (not limited for provision to low and moderate-income individuals) are to be sold or leased at below market rates which will be affordable to moderate and middle-income individuals who would otherwise be unable to achieve home-ownership in this market.

## **Product Innovation and Flexibility**

CBNA's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance in the State of New York.

The bank offers an affordable housing mortgage product called the First Step Mortgage Program for people of low or moderate-income independently and through a number of non-profit agencies involved in affordable housing. CBNA's First Step mortgage loans feature a discounted application fee of \$195 and no additional bank fees. Borrowers who complete an approved homebuyer counseling program received an interest rate below the prevailing conventional mortgage rates (1 percent below published conventional rates for low-income borrowers and 0.5 percent below published conventional rates for moderate-income borrowers) and a 3 percent down payment option. Also, private mortgage insurance is waived for home buyers purchasing in a low or moderate-income geography. There were 142 loans for \$33.3 million made in the New York AA and 41 loans for \$7.7 million made in the Nassau-Suffolk AA during the evaluation period. In response to the extremely high cost of housing in the New York AA (Median housing value of \$244,874 per the 2000 US Census data and a 2005 median sales price from the National Association of REALTORS of \$495,000), the bank is working to expand their First Step Mortgage Program to include middle-income borrowers in this AA. A middle-income borrower in the New York AA earns between \$57,650 and \$69,180 and is unlikely to afford to purchase a home in the AA without homeownership assistance.

The bank offers a Helping Hand Home Improvement Loan Program which features both a secured and unsecured loan product. Both offer a discounted interest rate (1 percent discount for low-income borrowers and a ½ percent discount for moderate-income borrowers), extended payment terms, and flexible underwriting criteria. In May 2004, the bank dedicated a unit within the mortgage department to review home improvement loan applications that did not meet the underwriting criteria for the bank's traditional home improvement loan to determine if the applicant would be qualified for the Helping Hand loan. The result was a large increase in originations. There were approximately 144 secured loans totaling \$2 million and 105

unsecured loans totaling \$295,000 originated within the State of New York under the Helping Hand Program during the evaluation period.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in New York is rated "Outstanding". The bank made 85 investments in the state totaling \$29.1 million during this evaluation period. The majority (by dollar) of the investments are targeted to affordable housing for low and moderate-income residents. In addition, the bank has a \$14.1 million in unfunded commitments supporting affordable low and moderate-income housing needs in the AAs.

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

CBNA originated 63 investments totaling \$3.1 million in the New York City AA during the evaluation period. The investments included the purchase of \$2.8 million in LIHTC in support of affordable low and moderate-income housing, which is the primary credit need in this AA. Housing costs in the New York City AA are among the highest in the nation. CBNA also provided a \$5 million unfunded investment commitment to an innovative public/private partnership that was created during this evaluation period to help address the growing shortage of affordable housing, and other economic stabilization needs of the AA. The CD investment collaborative was formed by the City of New York, several New York area financial institutions, a number of major New York based charitable foundations, and two non-profit organizations that specialize in affordable housing development and neighborhood stabilization. The fund's goal is to create 30,000 units of affordable low and moderate-income housing over a 10 year period. CBNA's participation in this project is significant given the bank's size and financial resources.

CBNA originated 13 investments totaling \$8.8 million in the Nassau-Suffolk AA during the evaluation period. The bank's largest investment in the AA was \$8 million in an LIHTC fund that pools the investment dollars of several institutions to construct multi-family rental housing developments for low and moderate-income residents. Affordable rental housing for low and moderate-income residents is a crucial need in the AA. Particularly noteworthy, CBNA has a binding unfunded commitment for \$7 million to purchase debt securities from a local non-profit organization that finances a variety of housing developments and other community development service projects targeted to low and moderate-income individuals. Among its many types of financing projects are the rehabilitation and construction of single family and multi-family residences, senior housing projects, mobile home developments, day care centers, and cooperative housing for low and moderate-income residents.

CBNA originated an additional \$17.1 million in state-wide investments during the current evaluation period. Approximately 98 percent of the current period state-wide investments were in qualified mortgage backed securities. These investments further demonstrate the bank's commitment to meeting the housing needs of low and moderate-income residents in their AAs and provide further support for the "Outstanding" investment test rating. Prior period state-wide holdings consisted of \$2 million of equity investments in SBICs that provide financing to small businesses.

## **SERVICE TEST**

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

The bank's performance under the Service Test in New York is rated "High Satisfactory". Based on full-scope reviews, the bank's performance is good in both the New York City and in the Nassau-Suffolk AAs.

### **Retail Banking Services**

Refer to Table 15 in the State of New York 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.

CBNA's delivery systems are accessible to essentially all portions of the New York City AA and reasonably accessible to all portions of the Nassau-Suffolk AA.

In the New York City AA, the distribution of CBNA's offices throughout low-income geographies and moderate-income geographies is somewhat below the distribution of the population living in such geographies; however, the city has a well developed and inexpensive mass transportation system which allows for easy access. Additionally, 15 of the branches located in either a middle (seven) or upper (eight) geography are adjacent to, and service the population in 31 low or moderate-income geographies.

In the Nassau-Suffolk AA, CBNA has no branches located in a low-income geography; however less than 1 percent of the population lives in these geographies. CBNA's office distribution in moderate-income geographies is somewhat below the distribution of the population living in these geographies; however, eight branches that are located in middle-income geographies serve the population in 12 adjacent moderate-income geographies.

The branch network within the full-scope AAs expanded by 72 branches during the evaluation period. Three branches were opened in low-income geographies; seven branches were opened in moderate-income geographies; 34 in middle-income geographies, and 27 in upper-income geographies. All branch expansion in low and moderate-income geographies occurred within the New York City AA. There were no branch closures during the evaluation period.

CBNA's hours and services offered throughout the AA are excellent. Services offered are comparable among locations regardless of the income level of the geography. Seventy-six branch offices are located within the full-scope AA. All branches offer extended hours on every day of the week, including Saturday and Sunday hours, so that all branches are open to the public 78 hours a week. Full-service lobby banking, including lending and new account services, are provided during the extended hours.

CBNA offers alternative delivery systems in the form of ATMs. A substantial majority of the bank's ATMs are located in the full-scope AAs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through CBNA ATMs. CBNA also offers alternative delivery systems of on-line banking, bank-by-phone, and bank-by-mail.

These services allow customers to obtain deposit and loan account information, make payments on CBNA loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

## **Community Development Services**

CBNA's performance in providing community development services is excellent. Performance is excellent in the New York City AA and good in the Nassau-Suffolk AA.

Management and bank employees support various organizations in the communities served by the bank by offering financial expertise to such groups. Numerous personnel are members of the boards of directors or finance committees of organizations that provide community development services.

In the New York City AA, CBNA employees provide an excellent level of support to various community development service organizations. Members of the CBNA staff and Senior Management fill 11 Board of Director or advisory level positions of organizations providing community development services. This is in addition to their participation with 45 organizations, concentrating primarily in those organizations focused on providing affordable housing opportunities for low and moderate-income individuals or the provision of services targeted to low and moderate-income individuals.

Examples of CBNA's community development service activities in the AA include:

CBNA management serves on the Board of Directors and as Head of the Finance Committee for HANAC Inc. HANAC is a non-profit multi-funded, citywide organization in New York City that services local community residents, including low and moderate-income families; immigrants and refugees; youth; the elderly; the unemployed and underemployed; and business owners by developing, implementing, and administering various programs. Programs provided by HANAC include: workforce development; vocational training; adult education; immigration counseling and advocacy; housing; senior citizen services; child and family counseling; crime victims services; substance abuse prevention and treatment services; and youth services that includes afternoon and weekend in-school activities, summer and school year employment programs, recreation, athletic, and educational programs.

CBNA management also serves with Neighborhood Housing Services of New York City (NHS of NYC) to develop a processing and counseling system for low and moderate-income homebuyers. NHS of NYC is a non-profit housing organization whose mission is to revitalize underserved neighborhoods by creating and preserving affordable housing, and providing opportunities for homeownership education, financial assistance, and community leadership.

CBNA also actively participated in the Earned Income Tax Credit (EITC) program in the New York City AA through partnership with the FoodChange's Volunteer Income Tax Assistance (VITA) program sponsored by the Internal Revenue Service (IRS). CBNA provided computer equipment and on-site staff to assist in the opening of savings accounts. The EITC program is an important anti-poverty program designed to reduce taxes for low and moderate-income workers. The EITC can be worth \$5,085 for a family of four per IRS 2005 guidelines. VITA

partners provide free tax-preparation assistance to ensure low and moderate-income workers receive the EITC to which they are entitled, saving them tax preparation fees and costly refund anticipation loan programs. Access and assistance with the opening of savings accounts is also provided to help unbanked taxpayers by providing them access to electronic filing and refunds, and encouraging savings and entrance to the financial services market. Per IRS data, the FoodChange was the number one civilian free tax preparer in the United States for 2004-2006 preparing 44,300 tax returns and helping to secure \$80.7 million in tax benefits and credits for low and moderate-income families in 2006 alone.

In the Nassau-Suffolk AA, CBNA employees provide a good level of support to various community development service organizations. Members of the CBNA staff and Senior Management fill three Board of Director or advisory level positions of organizations providing community development services. This is in addition to their participation with six organizations, concentrating primarily in those organizations focused on providing affordable housing opportunities for low and moderate-income individuals or supporting economic development by financing small businesses in areas targeted for development by state, local, or tribal governments.

Examples of CBNA's community development service activities in the AA include:

CBNA personnel serve with the Community Development Corporation of Long Island (CDCLI). CDCLI is a non-profit organization that provides community residents with various community services. Programs provided by CDCLI include: their HomeOwnership Center that provides financial aid and training; rental housing assistance; alternative affordable home financing products; affordable housing; and small business loans and training.

CBNA personnel also serve with the Long Island Housing Partnership, Inc. (LIHP) to provide increased housing opportunities throughout Long Island. LIHP is a non-for-profit organization whose mission is to provide affordable housing opportunities to those who would otherwise be unable to secure decent and safe homes. LIHP realizes this mission through the development and sponsorship of affordable ownership and rental units, as well as through related services such as financial literacy and homebuyer education, and alternative home purchase financing programs.

Members of the CBNA staff and Senior Management also serve on the Boards of Directors of four multi-state organizations, which serve the State of New York, involved in the provision of services aimed at assisting low and moderate-income individuals and supporting economic development by financing small businesses.

# State Rating

## State of Delaware

**CRA Rating for Delaware: Outstanding**

**The lending test is rated: Outstanding**

**The investment test is rated: Outstanding**

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

The major factors that support this rating include:

- Lending levels that reflect a good responsiveness by CBNA to the credit needs of its AA.
- Good distribution of loans among geographies of different income levels throughout the AAs.
- An excellent distribution of loans among borrowers of different income levels throughout the AA.
- Community development lending that had a positive impact of the bank's lending performance.
- Flexible lending products that had a positive impact on the bank's lending performance.
- Investments that reflect an excellent responsiveness to the credit and community development needs of the AAs.
- Service delivery systems that are accessible to geographies and individuals of different income levels in the AAs.
- Good performance in providing community development services.

## Description of Institution's Operations in Delaware

CBNA has two AAs within the State of Delaware, the Wilmington MSA AA and Dover MSA AA. CBNA has eight branches within the state, which represents 2.5 percent of the bank's total branch network. The State of Delaware represents 2 percent of CBNA's total deposits. The bank ranked seventh in the state with a 0.29 percent deposit market share, per Federal Deposit Insurance Corporation data as of June 30, 2005. During the evaluation period, CBNA originated 2.4 percent of its total HMDA and 2.59 percent of its total small business loan volume within Delaware.

Refer to the Market Profiles for the State of Delaware in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in Delaware**

We conducted a full-scope review of the Wilmington MSA AA, as this area represents 93 percent of the total lending in the state; 89 percent of the total number of branches; and 97 percent of the total deposits. Within the 2003 lending data for Delaware, the Wilmington MSA received a full-scope review, as this was the only geographic area within the State of Delaware in which the bank was located in 2003. This geographic area is consistent with the currently named Wilmington MSA.

Home mortgage lending was given more weight when arriving at the bank's overall performance in lending based on the volume of home mortgage lending, and historical business focus, and strategy of the bank.

Based on OCC community contacts made and reviewed during this evaluation, there are opportunities for banks to provide community development lending, services, and investments. The primary needs identified include funding for affordable housing development; educational programs to low-and-moderate income consumers (including predatory lending, short-term loan alternatives to pay day loans); and technical assistance grants for small business development. Refer to the Market Profile section in Appendix C for more information.

## **LENDING TEST**

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

The bank's performance under the lending test in Delaware is rated "Outstanding". Based on the full-scope review, the bank's performance in the Wilmington AA is excellent.

### **Lending Activity**

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

The bank's leading product was home mortgage loans, representing 71 percent of the loans originated during the evaluation period. Small loans to businesses accounted for 29 percent of originated loans.

Among originated home mortgage loans, 47 percent were for home improvement, 30 percent were home mortgage refinance loans, and 23 percent were for home purchase.

CBNA's overall lending activity in the full-scope AA is good.

CBNA ranks 15<sup>th</sup> for deposits with a 0.33 percent market share. Based on 2004 aggregate HMDA data, CBNA is the 17<sup>th</sup> ranked originator and purchaser of HMDA reportable home mortgage loans with a 0.29 percent market share. Based on 2005 CRA aggregate data, CBNA is the eighth ranked originator and purchaser of small loans to businesses with a 4.39 percent market share.

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

The geographic distribution of CBNA's home mortgage loans and small loans to businesses reflect good penetration throughout the full scope AA geographies.

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

Refer to Tables 2, 3, and 4 in the State of Delaware 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.

The overall geographic distribution of home mortgage loans is good.

The geographic distribution of home purchase loans is good. The portion of home purchase loans made in low-income geographies is somewhat lower than, and in moderate-income geographies, exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, is somewhat below the bank's overall market share. In 2003 the bank's distribution of home purchase loans was consistent with their overall good performance.

The overall geographic distribution of home improvement loans is good. The portion of home improvement loans made in low-income geographies is near to, and in moderate-income geographies, is very near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, exceeds the bank's overall market share of home improvement loans. In 2003 the bank's distribution of home improvement loans was consistent with their overall good performance.

The overall geographic distribution of refinance loans is good. The portion of refinance loans made in low-income geographies is somewhat lower and in moderate-income geographies, significantly exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below, and in moderate-income geographies, substantially meets the bank's overall market share. In 2003 the bank's distribution of home refinance loans was consistent with their overall good performance.

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

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

The overall geographic distribution of small loans to businesses is excellent. The portion of small loans to businesses made in low-income geographies is somewhat below the portion of businesses that are in those geographies; while the portion of small loans to businesses made in moderate-income geographies substantially exceeds the portion of businesses that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share. In 2003 the bank's distribution of small loans to businesses was consistent with their overall excellent performance.

## ***Lending Gap Analysis***

Reports detailing CBNA's lending activity over the evaluation period for home mortgage loans, small loans to businesses and farms were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

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

This portion of the evaluation was performed at the bank level. A substantial majority (93 percent) of home mortgage loans and of small business loans (88 percent) were made within the bank's 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 borrower distribution of CBNA's home mortgage and small loans to businesses reflects an excellent dispersion among borrowers of different income levels. In the evaluation of borrower distribution, we gave consideration to the high poverty level in the AA of 8 percent. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

## ***Home Mortgage Loans***

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

The overall distribution of home mortgage loans is excellent.

Home purchase loan borrower distribution is excellent. The portion of home purchase loans to low-income borrowers is somewhat below the portion of low-income families, but is good when adjusted for the 8 percent of families living below the poverty level. The portion of home purchase loans to moderate-income borrowers significantly exceeds the portion of families defined as such. The market share for loans made to low-income borrowers is below, and to moderate-income borrowers, exceeds CBNA's overall market share in the AA for home purchase loans. In 2003, the bank's distribution of home purchase loans was consistent with their overall excellent performance.

Home improvement loan borrower distribution is excellent. The portion of home improvement loans to low-income borrowers is somewhat lower than the portion of families defined as such but is good when adjusted for families living below the poverty level. The portion of home improvement loans to moderate-income borrowers exceeds the portion of families defined as such in each AA. The market share for loans made to both low and moderate-income borrowers is below CBNA's overall market share in the AA; however the bank's overall market share is low at 0.16 percent. In 2003, the bank's distribution of home improvement loans was consistent with their overall excellent performance.

Refinance loan borrower distribution is excellent. The portion of refinance loans to low-income borrowers is somewhat lower than the portion of families defined as such in the AA but is considered excellent when adjusted for the families living below the poverty level. The portion of refinance loans to moderate-income borrowers significantly exceeds the portion of moderate-income families in the AA. The market share for loans made to both low and moderate-income borrowers is somewhat below CBNA's overall market share. In 2003 the bank's distribution of home refinance loans was consistent with their overall excellent performance.

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

Refer to Table 11 in the State of Delaware 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 excellent. The portion of CBNA loans to small businesses (businesses with revenues of \$1 million or less) exceeds the portion of businesses that are defined as such in the AA. The portion of loans of \$100,000 or less in the AA exceeds the portion of businesses that are defined as small in the AA. The market share of small loans to small businesses is near to CBNA's overall market share in the AA. In 2003 the bank's distribution of home refinance loans was consistent with their overall excellent performance.

### **Community Development Lending**

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

CBNA's level of Community Development (CD) lending had a positive impact on the evaluation of its lending performance in the State of Delaware. CBNA originated two CD loans for \$5.1 million in its Wilmington AA. These loans were made to organizations that provide affordable housing for low and moderate-income individuals.

CBNA made an additional three loans totaling \$8.5 million in a greater statewide or regional area that includes the bank's AA. The loans were made to organizations that provide affordable rental housing to low and moderate-income individuals.

### **Product Innovation and Flexibility**

CBNA's innovative and flexible lending activity had a positive impact on the evaluation of its lending performance in the State of Delaware.

The bank offers an affordable housing mortgage product called the First Step Mortgage Program for people of low or moderate-income independently and through a number of non-profit agencies involved in affordable housing. CBNA's First Step mortgage loans feature a discounted application fee of \$195 and no additional bank fees. Borrowers who complete an approved homebuyer counseling program received an interest rate below the prevailing conventional mortgage rates (1 percent below published conventional rates for low-income borrowers and 0.5 percent below published conventional rates for moderate-income

borrowers) and a 3 percent down payment option. Also, private mortgage insurance is waived for home buyers purchasing in a low or moderate-income geography. There were 14 loans for \$2.2 million made in the Wilmington AA during the evaluation period.

The bank offers a Helping Hand Home Improvement Loan Program which features both a secured and unsecured loan product. Both offer a discounted interest rate (1 percent discount for low-income borrowers and a 0.5 percent discount for moderate-income borrowers), extended payment terms, and flexible underwriting criteria. In May 2004, the bank dedicated a unit within the mortgage department to review home improvement loan applications that did not meet the underwriting criteria for the bank's traditional home improvement loan to determine if the applicant would be qualified for the Helping Hand loan. The result was a large increase in originations. There were approximately 17 secured loans totaling \$234,000 and 12 unsecured loans totaling \$34,700 originated within the State of Delaware under the Helping Hand Program during the evaluation period.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Dover AA is weaker than the bank's overall performance. The weaker performance is attributable to adequate geographic lending performance and good borrower distribution. These performance differences noted did not have an impact on the lending test conclusions or rating. The volume of lending is very low, as the bank was only in the market for one year of the three year evaluation period and only maintains one branch in the AA. Refer to Tables 1 through 12 in the State of Delaware 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 State of Delaware is rated "Outstanding". Based on the full-scope review, the bank's performance in the Wilmington AA is excellent. In the current evaluation period, CBNA originated 40 qualified investments totaling \$3.9 million. The bank also originated two unfunded investment commitments for \$1.7 million. The substantial majority of CBNA's investments were in support of state-wide community development projects.

All the bank's investments in the Wilmington AA consisted of charitable contributions made to organizations that provide community development qualified services to residents and communities within the AA. The bank's excellent performance is based on the dollar volume of statewide investments in Delaware. Opportunities to originate community development investments within Wilmington are limited due to the heavy concentration of financial institutions based in Delaware. Wilmington's relatively small population, strong competition for community development investments among financial institutions, and low level of opportunities when compared to other CBNA AAs makes it difficult to originate qualified investments. However, the bank did participate in state-wide community development projects, which supports its "Outstanding" rating under the investment test.

The bank provided community development investment funds for several state-wide community development projects in Delaware. The bank purchased \$2 million in bonds issued by the State of Delaware to provide lower cost mortgage financing to low and moderate-income home buyers throughout the state. CBNA invested \$500,000 in “New Market” tax credits offered through a Delaware based non-profit organization. The New Market tax credit program is administered by the federal government to help revitalize low-income communities through the development or redevelopment of distressed neighborhoods. This is a relatively complex investment activity that involves federal and state government agencies along with numerous private sector participants. CBNA provided a \$1.5 million investment (unfunded) commitment to purchase LIHTCs to help construct affordable low and moderate-income rental housing in Delaware. In addition, the bank provided \$1.2 million in mortgage backed securities that consists of home mortgage loans originated to low and moderate-income borrowers in Delaware.

### **Limited-scope areas**

Based on a limited-scope review, the bank’s performance in the Dover MSA is consistent with its overall excellent performance under the investment test.

## **SERVICE TEST**

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

The bank’s performance under the Service Test in Delaware is rated “High Satisfactory”.

### **Retail Banking Services**

Refer to Table 15 in the State of Delaware 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.

CBNA's delivery systems are accessible to essentially all portions of the full-scope AAs.

Accessibility is good in the Wilmington AA. The distribution of CBNA’s offices throughout low-income geographies exceeds the distribution of the population living in such geographies. CBNA has no branches in moderate-income geographies, however CBNA has only seven branches in the entire AA and two of the branches that are located in middle-income geographies are adjacent to and serve the population in three moderate-income geographies.

The branch network throughout the AA expanded by one branch since the last evaluation. The branch was opened in a middle-income geography. There were no branch closures during the evaluation period.

CBNA’s hours and services offered throughout the AA are excellent. Services offered are comparable among locations regardless of the income level of the geography. Seventy-six branch offices are located within the full-scope AA. All branches offer extended hours on every day of the week, including Saturday and Sunday hours, so that all branches are open to the public 78 hours a week. Full-service lobby banking, including lending and new account services, are provided during the extended hours.

CBNA offers alternative delivery systems in the form of ATMs. A substantial majority of the bank's ATMs are located in the full-scope AAs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through CBNA ATMs. CBNA also offers alternative delivery systems of on-line banking, bank-by-phone, and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on CBNA loans, transfer funds, and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

## **Community Development Services**

CBNA's performance in providing community development services is good in the AA.

CBNA employees provide a good level of support to various community development service organizations. Members of the CBNA staff and Senior Management fill six Board of Director or advisory level positions of organizations providing community development services. This is in addition to their participation with three organizations; concentrating primarily in those organizations focused on providing affordable housing opportunities for low and moderate-income individuals or the provision of services targeted to low and moderate-income individuals.

Examples of CBNA's community development service activities in the AA include:

CBNA management serves on Housing Loan Fund Committee of the Delaware Community Investment Corporation (DCIC). DCIC was established by private banks in collaboration with community leaders with a mission to serve as a vehicle for community revitalization by taking direct action through the financing of, and investments in, housing and related activities designed to address the needs of low to moderate income persons and areas. Programs offered include a housing loan program, an equity program, a community investment loan fund, and a new market tax credit program.

CBNA management also serves as Treasurer of the Wilmington Housing Partnership (WHP). WHP is a 501(c) (3) organization established in 1989 by the City of Wilmington to increase homeownership and to improve the quality of housing in the City. WHP has helped create homeownership opportunities in the City of Wilmington through initiatives fostering housing production, homeownership service, and neighborhood revitalization; providing housing subsidies; acquiring vacant and blighted housing units; demolishing or rehabilitating these properties; performing property management; constructing or facilitating the construction of new housing; providing down-payment and settlement assistance to first time homebuyers; and conducting real estate transfer tax waiver programs among other programs.

Members of the CBNA staff and Senior Management also serve on the Boards of Directors of four multi-state organizations, which serve the State of Delaware, and are involved in the provision of services aimed at assisting low and moderate-income individuals, and supporting economic development by financing small businesses.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Dover AA is weaker than the bank's overall performance under the Service Test. The weaker performance is based upon the distribution of CBNA's branches throughout low-income geographies and moderate-income geographies. These performance differences noted did not have an impact on the lending test conclusions or rating as the bank did not enter the AA until the last year of the three-year evaluation period, and only maintains one branch in the AA. Refer to Table 15 in the State of Delaware section of Appendix D for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/03 to 12/31/05) Investment and Service Tests and CD Loans: (03/31/03 to 10/02/06)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank, N.A. (CBNA) Philadelphia, PA	Home Mortgage, Small Business, and CD loans; CD Investments; CD Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>New Jersey</b> Camden MSA #15804 Edison MSA #20764 Atlantic City MSA #12100 Newark-Union MSA #35084 Cape May MSA #36140 Trenton-Ewing MSA #45940 Vineland-Millville MSA #47220 <b>Pennsylvania</b> Philadelphia MSA #37964 <b>New York</b> NewYork-WhitePlains MSA #35644 Nassau MSA #35004 <b>Delaware</b> Wilmington MSA #48864 Dover MSA #20764	Full Scope Full Scope Limited Scope Limited Scope Limited Scope Limited Scope Limited Scope Full Scope Full Scope Full Scope Full Scope Limited Scope	

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

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RATINGS		BANK NAME		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Commerce Bank, NA	Outstanding	Outstanding	High Satisfactory	Outstanding
State:				
New Jersey	Outstanding	Outstanding	High Satisfactory	Outstanding
Pennsylvania	Outstanding	Outstanding	Low Satisfactory	Outstanding
New York	High Satisfactory	Outstanding	High Satisfactory	Satisfactory
Delaware	Outstanding	Outstanding	High Satisfactory	Outstanding

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

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

### State of New Jersey

#### MSA 15804 Camden

Demographic Information for Full-Scope Area: MSA 15804 Camden						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	318	5.97	15.41	57.23	19.81	1.57
Population by Geography	1,186,999	6.00	12.38	59.47	22.13	0.02
Owner-Occupied Housing by Geography	321,989	3.02	9.38	62.69	24.91	0.00
Businesses by Geography	62,932	3.80	10.87	56.51	28.47	0.35
Farms by Geography	1,492	0.67	6.97	58.11	34.25	0.00
Family Distribution by Income Level	310,492	18.85	18.50	24.62	38.03	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	115,960	11.14	18.71	57.92	12.24	0.00
Median Family Income	62,032	Median Housing Value		121,422		
HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	73,400 7%	Unemployment Rate		2.66%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2005 HUD updated MFI.

In 2004, the OMB redefined the boundaries of several MSAs and also established newly defined areas called Metropolitan Divisions (MDs) based on the 2000 census. The bank's AA in this multistate MD consists of all of Burlington, Camden, and Gloucester counties in New Jersey. The Camden, NJ MD (15804) is a subset of the larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, MSA (37980). Under the pre-2004 boundaries, these counties were part of the Philadelphia Multistate MSA 6160. The AA complies with the CRA guidelines and does not arbitrarily exclude low and moderate-income geographies.

Based on the June 30, 2005 FDIC Deposit Market Share Report, Commerce ranks first out of 22 institutions in the county of Camden with a 37.22 percent market share. Competition for both loans and deposits is strong in this MD, particularly from larger regional and multistate financial institutions. According to the June 30, 2005 deposit data, major competitors are: PNC Bank, NA (12.86 percent); Wachovia Bank, NA (12.21 percent); and Bank of America, NA (7.92 percent).

There are a total of 46 branches located in the Camden MD, accounting for 12.7 percent of the total number of branches. All of the branches have extended hours of operation. All of the branches have both Saturday and Sunday hours, with each branch opened 78 hours a week. A full line of traditional banking products and services are offered at all branches.

According to the 2000 U.S. Census Data, there are 318 census tracts in this AA. There are 19 low-income tracts, 49 moderate-income tracts, 182 middle-income tracts, 63 upper-income tracts, and 5 that have not been assigned an income classification. The 2000 U.S. Census Data reported the total population of the assessment area at 1,186,999. This population was comprised of 431,163 households and 310,492 families. There are 456,044 housing units, of which, 85 percent were one to four family units and 26 percent were rental units. Owner-occupied housing is 71 percent, rental-occupied housing is 24 percent, and vacant housing is 6 percent. The median housing cost is \$121,422. The median family income was \$64,651 and the HUD updated MSA median family income is \$73,400. Approximately 7 percent of the households are below poverty. Approximately 19 percent of the families in the AA are low-income, 18 percent are moderate-income, 25 percent are middle-income, and 38 percent are upper-income.

Based on the housing values and the HUD median family income, there is lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$121,422, and a low-income individual or family earns less than \$36,700.

According to the 2005 Business Geodemographics, there are a total of 62,932 businesses and 1,426 farms. Approximately 4 percent of the businesses are located in low-income tracts, 11 percent are located in moderate-income tracts, 56 percent are located in middle-income tracts, and 28 percent are located in upper-income tracts. Approximately 66 percent of the businesses reporting have revenues less than \$1 million and approximately 70 percent of the businesses and farms reporting had less than 10 employees.

The city of Camden is the industrial and commercial center of the AA. Some of the larger employers in the MD are America's PEO, Inc., Cooper Health Systems, Our Lady of Lourdes Medical Center, and Campbell Soup. The unemployment rate, as of August 2006, for the Camden MD is 5.1 percent, compared to the national unemployment rate of 4.7 percent.

Camden is one of the poorest cities in the United States. Camden is part of the government designated Philadelphia-Camden Bi-State Empowerment Zone. The Empowerment Zone initiative is a federally funded program that offers federal tax incentives to companies operating within the Zone. The city of Camden is also part of the Urban Enterprise Zone Program enacted by the state of New Jersey to revitalize the state's most distressed urban communities through the creation of public and private investment within these communities. The Camden Urban Enterprise Zone provides incentives for businesses to open or relocate to Camden, including sales tax exemptions and reductions, corporate tax credits, and subsidized unemployment insurance cost. In addition, the U.S. Department of Housing and Urban Development (HUD) has designated Camden as an urban "Renewal Community." Businesses operating within the Renewal Community are offered federal tax incentives and financing to spur economic development and job growth.

Based on OCC community contacts made and reviewed, there are opportunities for banks to provide community development lending, investments, and services. We concluded the primary needs of the area are funding for small and start-up businesses and support for affordable housing development.

## MSA 20764 Edison

Demographic Information for Full-Scope Area: MSA 20764 Edison						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	496	4.64	18.35	51.61	24.80	0.60
Population by Geography	2,173,869	3.91	17.20	51.81	26.93	0.15
Owner-Occupied Housing by Geography	595,582	3.50	14.87	51.71	29.93	0.00
Businesses by Geography	131,884	2.91	13.44	51.97	31.54	0.14
Farms by Geography	3,099	0.84	8.97	53.66	36.53	0.00
Family Distribution by Income Level	570,961	19.11	18.58	22.73	39.58	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	215,185	7.80	25.84	52.10	14.26	0.00
Median Family Income	69,978	Median Housing Value		182,418		
HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	83,100 6%	Unemployment Rate		2.34%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, and 2005 HUD updated MFI.

In 2004, the OMB redefined the boundaries of several MSAs and also established newly defined areas called Metropolitan Divisions (MDs) based on the 2000 census. These changes created a new Edison, NJ MD (20764), which is a subset of the larger New York-Northern New Jersey-Long Island, NY-NJ-PA MSA (35620). The Edison MD consists of all of Monmouth, Ocean, Somerset, and Middlesex counties. Under the pre-2004 boundaries Monmouth and Ocean counties were a separate Monmouth-Ocean, NJ MSA (5190) and Middlesex and Somerset counties were part of the Middlesex-Somerset-Hunterdon, NJ MSA (5015).

According to the 2000 U.S. Census Data, there are a total of 496 census tracts in this AA. There are 23 low-income tracts, 91 moderate-income tracts, 256 middle-income tracts, 123 upper-income tracts, and 3 that have not been assigned an income classification.

The 2000 U.S. Census Data reported the total population of the assessment area at 2,173,869. This population was comprised of 799,968 households and 570,961 families. There are 875,255 housing units, of which, 85 percent were one to four family units and 25 percent were rental units. Owner-occupied housing is 68 percent, rental-occupied housing is 23 percent, and vacant housing is 9 percent.

The median housing cost is \$182,418. The median family income was \$74,044 and the HUD updated MSA median family income is \$83,100. Approximately 6 percent of households are below poverty. Approximately 19 percent of the families in the AA are low-income, 19 percent are moderate-income, 23 percent are middle-income, and 40 percent are upper-income. Based on the housing values and the HUD updated 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 \$182,418, and a low-income individual or family earns less than \$41,550.

According to the 2005 Business Geodemographics, there are a total of 131,884 businesses and 3,099 farms. Approximately 3 percent of businesses are located in low-income tracts, 13 percent in moderate-income tracts, 52 percent in middle-income tracts, and 32 percent in upper-income tracts. Approximately 67 percent of the businesses reporting have revenues less than \$1 million and approximately 72 percent of the businesses and farms reporting had less than 10 employees.

The primary industries in the AA are services, retail trade, and construction. Major employers in the AA include Meridan Health System, Bristol-Myers, and Merrill Lynch & Company. The unemployment rate as of August 2006 was 4.6 percent, slightly lower than the national unemployment rate of 4.7 percent.

There are a total of 55 branches located in the Edison MD, accounting for 15.2 percent of the total number of branches. All of the branches have extended hours of operation including both Saturday and Sunday hours. A full line of traditional banking products and services are offered at all branches.

Based on the June 30, 2005 FDIC Deposit Market Share Report, Commerce ranks fifth out of 65 institutions in the Edison MD with a 7.99 percent market share. Competition for loans and deposits is primarily with Merrill Lynch Bank and Trust Company, who ranked first with a 16.36 percent market share; Wachovia Bank, NA, ranking second with a 12 percent market share; Bank of America, ranking third with a 9.81 percent market share; and PNC Bank, NA who ranked fourth with a 8.74 percent market share.

Based on OCC community contacts made and reviewed, there are opportunities for banks to provide community development lending and services. Directed investment opportunities are more limited as, according to the community contacts, there are pockets of poverty within the Edison, NJ MD. However, opportunities exist for financial institutions to assist in meeting the needs of the community, in particular, there is a need for affordable housing, first time home-buyer education, first time home buyer loan programs, home repair loans, loans to non-profits so they can make needed repairs to their facilities and continue operations, small business seminars, and access to capital for businesses trying to expand.

# State of Pennsylvania

## MSA 37964 Philadelphia

Demographic Information for Full-Scope Area: MSA 37964 Philadelphia						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	987	12.26	19.45	33.03	33.43	1.82
Population by Geography	3,849,647	12.19	20.88	31.83	34.94	0.16
Owner-Occupied Housing by Geography	997,858	8.68	18.44	33.17	39.71	0.00
Businesses by Geography	345,637	9.05	16.11	29.43	44.92	0.49
Farms by Geography	5,596	1.47	6.24	34.31	57.92	0.07
Family Distribution by Income Level	970,405	22.16	17.16	20.53	40.14	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	381,626	22.13	30.68	30.28	16.91	0.00
Median Family Income	56,993	Median Housing Value		124,584		
HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	66,550 12%	Unemployment Rate		3.17%		

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

Source: 2000 U.S. Census and 2005 HUD updated MFI.

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

According to the 2000 U.S. Census Data, there are 987 census tracts in this AA. There are 121 low-income tracts, 192 moderate-income tracts, 326 middle-income tracts, 330 upper-income tracts, and 18 that have not been assigned an income classification.

The 2000 U.S. Census Data reported the total population of the assessment area at 3,849,647. This population was comprised of 1,459,708 households and 970,405 families. There are 1,565,641 housing units, of which, 84 percent are one to four family units, and 32 percent were rental units. Owner-occupied housing is 64 percent, rental-occupied housing is 29 percent, and vacant housing is 7 percent. The median housing cost is \$124,584. The median family income was \$61,099 and the HUD updated MSA median family income is \$66,550. Approximately 12 percent of the households are below poverty. Approximately 22 percent of the families in the AA are low-income, 17 percent are moderate-income, 21 percent are middle-income, and 40 percent are upper-income.

According to the 2005 Business Demographics, there are a total of 345,637 businesses and 5,596 farms. Approximately 8 percent of businesses are located in low-income tracts, 16 percent are located in moderate-income tracts, 30 percent are located in middle-income tracts, and 46 percent are located in upper-income tracts. Approximately 61 percent of the businesses reporting have revenues of less than \$1 million and approximately 64 percent of the businesses and farms reporting have less than 10 employees.

The primary industries in the AA are services and retail trade. Major employers in the AA include University of Pennsylvania, Merck & Co., Vanguard Group, Inc., Wyeth Pharmaceutical and Research, and Crozer Keystone Health System. The unemployment rate as of August 2006 was 4.9 percent, slightly higher than the national unemployment rate of 4.7 percent.

There are a total of 76 branches located in the Philadelphia MD, accounting for 20.1 percent of the total number of branches. All of the branches have extended hours of operation including both Saturday and Sunday hours. A full line of traditional banking products and services are offered at all branches.

Based on the June 30, 2005 FDIC Deposit Market Share Report, Commerce ranks fifth out of 93 institutions in the Philadelphia MD with a 7.54 percent market share. Competition for both loans and deposits is strong in this MD, particularly from larger multistate financial institutions. According to the June 30, 2005 deposit data, the major competitors are Wachovia Bank, NA, ranking first with a 23.16 percent market share; Citizens Bank of PA, ranking second with a 15.39 percent market share; PNC Bank, NA, ranking third with a 9.36 percent market share; and Sovereign Bank, ranking fourth with a 8.04 percent market share.

During this examination, we made and reviewed recent community contacts to determine the credit needs of this area. We determined there is an overall credit need for funding to develop affordable housing, flexible home repair loans, and access to funding for small businesses, education on how to qualify for small business loans, and education on how to obtain small business loans. Lastly, there is a need for additional bank branches in the low and moderate-income areas of Philadelphia.

# State of New York

## MSA 35004 Nassau-Suffolk

Demographic Information for Full-Scope Area: MSA 35004 Nassau-Suffolk						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	597	0.67	14.07	62.81	19.77	2.68
Population by Geography	2,753,913	0.76	16.02	64.36	18.86	0.01
Owner-Occupied Housing by Geography	733,628	0.22	12.21	66.17	21.40	0.00
Businesses by Geography	263,228	0.69	12.55	62.49	24.26	0.01
Farms by Geography	5,276	0.45	15.62	66.03	17.89	0.00
Family Distribution by Income Level	712,551	18.03	18.61	24.19	39.18	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	261,056	1.25	22.16	65.10	11.48	0.00
Median Family Income						
HUD Adjusted Median Family Income for 2005	76,221					
Households Below the Poverty Level	88,850					
	5%					
			Median Housing Value			240,638
			Unemployment Rate			1.89%

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

Source: 2000 U.S. Census and 2005 HUD updated MFI.

In 2004, the OMB redefined the boundaries of several MSAs and also established newly defined areas called Metropolitan Divisions (MDs) based on the 2000 census. The newly designated Nassau-Suffolk, NY MD (35004) is a subset of the larger New York-Northern New Jersey-Long Island, NY-NJ-PA MSA (35620). The Nassau-Suffolk MD consists of all of Nassau and Suffolk counties. Under the pre-2004 boundaries, this AA was considered as a separate MSA and was known as the Nassau-Suffolk MSA (5380). There were no changes to the AA. The AA complies with the CRA guidelines and does not arbitrarily exclude low and moderate-income geographies.

According to the 2000 U.S. Census Data, there are 597 census tracts in this AA. There are 4 low-income tracts, 84 moderate-income tracts, 375 middle-income tracts, 118 upper-income tracts, and 16 that have not been assigned an income classification.

The 2000 U.S. Census Data reported the total population of the assessment area at 2,753,913. This population was comprised of 917,338 households and 712,551 families. There are 980,474 housing units, of which, 91 percent are one to four family units and 20 percent were rental units. Owner-occupied housing is 75 percent, rental-occupied housing is 20 percent, and vacant housing is 7 percent. The median housing cost is \$240,638.

The median family income was \$80,000 and the HUD updated MSA median family income is \$88,850. Approximately 5 percent of the households are below poverty. Approximately 18

percent of the families in the AA are low-income, 19 percent are moderate-income, 24 percent are middle-income, and 39 percent are upper-income.

Based on the housing value and the HUD updated 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 \$240,638, and a low-income individual or family earns less than \$44,425.

According to the 2005 Business Geodemographics, there are a total of 263,228 businesses and 5,276 farms located in the AA. Less than 1 percent of the businesses in the AA are located in low-income tracts, approximately 13 percent are located in moderate-income tracts, 62 percent are located in middle-income tracts, and 24 percent are located in upper-income tracts. Approximately 65 percent of the businesses reporting have revenues less than \$1 million and approximately 68 percent of the businesses and farms reporting less than 10 employees.

The primary industries in the AA are services and retail trade. Of the county's businesses employing 1,000 or more employees, almost half are in the health care and social assistance sectors. Some of these are: North Shore Health System, Catholic Health Services, and Winthrop Health System. The county's other large employers include North Fork Bank, Stop & Shop Supermarkets, Brookhaven National Laboratory, Verizon and Suffolk County government.

The unemployment rate as of August 2006 was 4.0 percent, lower than the national unemployment rate of 4.7 percent.

There are a total of 29 branches located in the Nassau-Suffolk MD, accounting for 8 percent of the total number of branches. All of the branches have extended hours of operation including both Saturday and Sunday hours. A full line of traditional banking products and services are offered at all branches.

Based on the June 30, 2005 FDIC Deposit Market Share Report, Commerce ranks 10<sup>th</sup> out of 38 institutions in this AA with a 2.69 percent market share. Commerce's major competitors in this area are North Fork Bank, who ranked first with a 20.71 percent market share, JP Morgan Chase Bank, NA, who ranked second with a 14.26 percent market share; and Citibank, NA who ranked third with a 10.39 percent market share.

Based on OCC community contacts made and reviewed, there are opportunities for banks to provide community development lending, services, and investments. Some of the needs specifically identified were affordable housing, affordable loans to small businesses, construction and end loans for redevelopment projects, technical assistance for non-profits, access to capital, and government funding.

## MSA 35644 New York-Wayne-White Plains

Demographic Information for Full-Scope Area: MSA 35644 New York- Wayne- White Plains						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,496	13.30	25.48	28.49	30.25	2.48
Population by Geography	9,218,490	14.88	28.26	25.76	30.93	0.19
Owner-Occupied Housing by Geography	1,181,359	2.64	13.84	28.80	54.72	0.00
Businesses by Geography	628,618	7.21	18.64	20.87	52.22	1.06
Farms by Geography	3,587	2.34	8.03	18.73	70.62	0.28
Family Distribution by Income Level	2,178,560	28.14	15.77	16.63	39.45	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	956,775	25.36	37.83	23.68	13.13	0.00
Median Family Income		Median Housing Value				244,874
HUD Adjusted Median Family Income for 2005	49,461	Unemployment Rate				4.03%
Households Below the Poverty Level	57,650					
	18%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census and 2005 HUD updated MFI.

In 2004, the OMB redefined the boundaries of several MSAs and also established newly defined areas called Metropolitan Divisions (MDs) based on the 2000 census. These changes created a new New York-Wayne-White Plains, NY-NJ MD (35644), which is a subset of the larger New York-Northern New Jersey-Long Island, NY-NJ-PA MSA (35620). The New York-Wayne-White Plains MD consists of all of the Bronx, Kings, New York, Queens, Richmond, Rockland, and Westchester counties. Under the pre-2004 boundaries, this AA was considered a separate MSA and was known as the New York MSA (5600).

According to the 2000 U.S. Census Data, there are 2,496 census tracts in this AA. There are 332 low-income tracts, 636 moderate-income tracts, 711 middle-income tracts, 755 upper-income tracts, and 62 that have not been assigned an income classification.

The 2000 U.S. Census Data reported the total population of the assessment area at 9,218,490. This population was comprised of 3,452,707 households and 2,178,560 families. There are 3,645,330 housing units, of which, 43 percent were one to four family units and 65 percent were rental units. Owner-occupied housing is 32 percent, rental-occupied housing is 62 percent, and vacant housing is 5 percent. The median housing cost is \$244,874.

The median family income was approximately \$53,671 and the HUD updated MSA median family income is \$57,650. Approximately 18 percent of the households are below poverty. Approximately 28 percent of the families in the AA are low-income, 16 percent are moderate-income, 17 percent are middle-income, and 39 percent are upper-income. Based on the housing values and the HUD updated 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 \$244,874, and a low-income individual or family earns less than \$28,825.

According to the 2005 Business Geodemographics, there are a total of 628,618 businesses and 3,587 farms. Approximately 7 percent of the businesses are located in low-income tracts, 19 percent are located in moderate-income tracts, 21 percent are located in middle-income tracts, and 52 percent are located in upper-income tracts. Approximately 63 percent of the businesses reporting have revenues less than \$1 million and approximately 66 percent of the businesses and farms reporting had less than 10 employees. The primary industries in the AA are services and retail trade.

The unemployment rate as of August 2006 was 5.0 percent, higher than the national unemployment rate of 4.7 percent.

There are a total of 62 branches located in the New York MD, accounting for 17.1 percent of the total number of branches. All of the branches have extended hours of operation including both Saturday and Sunday hours. A full line of traditional banking products and services are offered at all branches.

Based on the June 30, 2005 FDIC Deposit Market Share Report, Commerce ranks 15<sup>th</sup> out of 77 institutions in the five counties that comprise this AA with a 1.43 percent market share. Competition for both loans and deposits is strong in this AA, particularly from larger multistate financial institutions. According to the June 30, 2005 deposit data, major competitors include JP Morgan Chase Bank, NA, who ranks first with a 17.79 percent market share, Citibank, NA, who ranks second with a 12.75 percent market share, HSBC Bank USA, NA, who ranks third with a 8.27 percent market share, North Fork Bank, who ranks fourth with a 8.23 percent market share, and Independence Community Bank who ranks fifth with a 5.63 percent market share.

Based on OCC community contacts made and reviewed, there are opportunities for banks to provide community development lending, services, and investments. Some of the needs identified are providing start up financing, financial seminars for startups, affordable housing, and education, including education of the perils of predatory lending.

## State of Delaware

### MSA 48864 Wilmington

Demographic Information for Full-Scope Area: MSA 48864 Wilmington						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	127	7.87	18.11	48.03	25.20	0.79
Population by Geography	500,265	4.17	17.63	50.63	27.58	0.00
Owner-Occupied Housing by Geography	132,493	1.53	14.54	51.24	32.69	0.00
Businesses by Geography	32,663	15.85	14.64	43.11	26.33	0.07
Farms by Geography	552	2.90	13.77	46.20	37.14	0.00
Family Distribution by Income Level	127,997	18.53	17.33	23.55	40.59	0.00
Distribution of Low- and Moderate- Income Families throughout AA Geographies	45,905	7.24	26.95	51.40	14.41	0.00
Median Family Income	60,622	Median Housing Value				138,361
HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	73,800 8%	Unemployment Rate				2.71%

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

Source: 2000 U.S. Census and 2005 HUD updated MFI.

In 2004, the OMB redefined the boundaries of several MSAs and also established newly defined areas called Metropolitan Divisions (MDs) based on the 2000 census. This AA consists of all of New Castle County, DE, which is included in the Wilmington MD (48864). The Wilmington MD (48864) is a subset of the larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, MSA (37980). Under the pre-2004 boundaries, New Castle County was considered a separate MSA (9160). The AA complies with the CRA guidelines and does not arbitrarily exclude low and moderate-income geographies.

According to the 2000 U.S. census Data, there are 127 census tracts in this AA. There are 10 low-income tracts, 23 moderate-income tracts, 61 middle-income tracts, 32 upper-income tracts, and 1 that has not been assigned an income classification.

The 2000 U.S. Census Data reported the total population of the assessment area at 500,265. This population was comprised of 188,974 households and 127,997 families. There are 199,521 housing units, of which, 81 percent are one to four family and 31 percent are rental units. Owner-occupied housing is 66 percent, rental-occupied housing is 28 percent, and vacant housing is 5 percent. The median housing cost is \$138,361.

The median family income was \$65,664 and the HUD updated MSA median family income is \$73,800. Approximately 8 percent of the households are below the poverty. Approximately 19 percent of the families in the AA are low-income, 17 percent are moderate-income, 24 percent are middle-income, and 41 percent are upper-income.

Based on the housing values and the HUD updated 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 \$138,361, and a low-income individual or family earns less than \$36,900.

According to the 2005 Business Geodemographics, there are a total of 32,663 businesses and 552 farms. Approximately 16 percent of the businesses are located in low-income tracts, 15 percent are located in moderate-income tracts, 43 percent are located in middle-income tracts, and 26 percent are located in upper-income tracts. Approximately 60 percent of the businesses reporting have revenues less than \$1 million and approximately 65 percent of the businesses and farms reporting had less than 10 employees.

In New Castle County, finance and insurance, retail trade, services, and health care/social assistance industries are the largest employers. Some of New Castle County's largest employers include AIG Marketing, Inc., MBNA, DuPont, Agilent Technologies, Inc., AstraZeneca, AstroPower, and Christiana Care Health System.

The unemployment rate for the Wilmington MD as of August 2006 was 4.4 percent, slightly lower than the national unemployment rate of 4.7 percent.

There are a total of seven branches located in the Wilmington MD, accounting for 1.9 percent of the total number of branches. All of the branches have extended hours of operation including both Saturday and Sunday hours. A full line of traditional banking products and services are offered at all branches.

Based on the June 30, 2005 FDIC Deposit Market Share Report, Commerce ranks 15<sup>th</sup> out of 33 institutions in New Castle County with a .33 percent deposit market share. Competition is primarily from larger multistate institutions. According to the June 30, 2005 deposit data, major competitors include ING Bank, FSB, who ranked first with a 29.43 percent market share, MBNA America Bank, NA, who ranked second with a 24.63 percent market share, Chase Bank USA, NA who ranked third with a 18.18 percent market share, Lehman Brothers Bank, FSB, who ranked fourth with a 10.09 percent market share, and Wilmington Trust Co., who ranked fifth with a 5.09 percent market share.

Based on OCC community contacts made and reviewed, there are opportunities for banks to provide community development lending, services, and investments. Some of the needs identified include funding for affordable housing development, educational programs to low-and-moderate income consumers, including predatory lending, short-term loan alternatives to pay day loans, and technical assistance grants for small business development.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.

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

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

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

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

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

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

## Tables of Performance Data

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**State of New Jersey**  
**State of Pennsylvania**  
**State of New York**  
**State of Delaware**

NA (1000017094) (Included)

Table 1. Lending Volume

LENDING VOLUME												Geography: NEW JERSEY		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2005):	% 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>															
MSA 15804 Camden	43.27	7,697	674,351	1,541	203,406	0	0	13	29,607	9,251	907,365	27.0			
MSA 20764 Edison	33.28	5,003	765,056	2,302	316,742	2	828	4	10,899	7,311	1,083,525	38.0			
<b>Limited Review:</b>															
MSA 12100 Atlantic City	7.45	1,283	163,839	330	42,075	0	0	1	1,554	1,614	207,468	8.0			
MSA 35084 Newark-Union	8.46	1,131	194,256	805	97,280	0	0	0	0	1,936	291,536	18.0			
MSA 36140 Cape May	3.45	623	180,766	119	20,461	0	0	0	0	742	201,227	3.0			
MSA 45940 Trenton-Ewing	2.57	354	52,730	219	31,362	0	0	5	3,528	578	87,620	5.0			
MSA 47220 Vineland-Millville	1.50	272	23,886	59	8,701	0	0	0	0	331	32,587	1.0			

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from March 31, 2003 to October 2, 2006

\*\*\* Deposit Data as of October 12, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(10000017094) (Included)

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 2005			Geography: NEW JERSEY				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
<b>MSA 15804 Camden</b>	1,679	40.25	3.02	5.00	9.38	9.77	62.69	58.25	24.91	26.98	2.12	4.53	1.95	1.97	2.35	
<b>MSA 20764 Edison</b>	1,379	33.06	3.50	2.90	14.87	20.09	51.71	51.70	29.93	25.31	0.96	1.00	0.99	0.97	0.93	
<b>Limited Review:</b>																
<b>MSA 12100 Atlantic City</b>	333	7.98	0.98	2.40	9.67	18.02	66.10	59.76	23.26	19.82	1.39	3.70	2.02	1.30	1.18	
<b>MSA 35084 Newark-Union</b>	313	7.50	0.65	0.32	8.24	5.11	37.03	34.50	54.08	60.06	0.51	0.00	0.05	0.44	0.70	
<b>MSA 36140 Cape May</b>	237	5.68	0.00	0.00	21.44	19.41	50.49	51.05	28.06	29.54	1.60	0.00	1.33	1.70	1.62	
<b>MSA 45940 Trenton-Ewing</b>	113	2.71	6.07	8.85	12.82	18.58	38.98	29.20	42.12	43.36	0.42	0.32	0.37	0.46	0.43	
<b>MSA 47220 Vineland-Millville</b>	117	2.81	1.56	0.85	10.01	17.95	59.09	39.32	29.35	41.88	2.26	2.94	2.99	1.35	3.40	

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2) .

(10000017094) (Included)

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

Geographic Distribution: HOME IMPROVEMENT 31, 2005		Geography: NEW JERSEY								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
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>															
<b>MSA 15804 Camden</b>	3,693	54.48	3.02	1.06	9.38	6.17	62.69	66.29	24.91	26.48	17.60	9.95	13.24	17.83	19.41
<b>MSA 20764 Edison</b>	1,792	26.43	3.50	1.62	14.87	16.80	51.71	65.79	29.93	15.79	6.16	5.24	7.26	7.04	3.67
<b>Limited Review:</b>															
<b>MSA 12100 Atlantic City</b>	540	7.97	0.98	0.19	9.67	5.56	66.10	65.19	23.26	29.07	10.96	7.69	7.27	11.33	11.53
<b>MSA 35084 Newark-Union</b>	386	5.69	0.65	0.26	8.24	4.92	37.03	33.42	54.08	61.40	2.52	1.75	0.87	2.04	3.35
<b>MSA 36140 Cape May</b>	153	2.26	0.00	0.00	21.44	22.88	50.49	48.37	28.06	28.76	4.80	0.00	4.05	5.02	5.17
<b>MSA 45940 Trenton-Ewing</b>	121	1.78	6.07	1.65	12.82	15.70	38.98	44.63	42.12	38.02	3.13	1.27	3.00	3.10	3.59
<b>MSA 47220 Vineland-Millville</b>	94	1.39	1.56	0.00	10.01	7.45	59.09	56.38	29.35	36.17	4.63	0.00	3.85	4.46	5.47

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005			Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2004 TO						
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	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 15804 Camden</b>	2,318	43.18	3.02	2.59	9.38	9.36	62.69	59.28	24.91	28.77	2.00	2.28	2.03	1.85	2.40
<b>MSA 20764 Edison</b>	1,813	33.77	3.50	3.14	14.87	18.75	51.71	59.62	29.93	18.48	0.84	1.11	0.92	0.92	0.61
<b>Limited Review:</b>															
<b>MSA 12100 Atlantic City</b>	406	7.56	0.98	0.00	9.67	6.65	66.10	62.32	23.26	31.03	1.55	0.00	1.04	1.48	2.03
<b>MSA 35084 Newark-Union</b>	428	7.97	0.65	0.70	8.24	9.58	37.03	30.14	54.08	59.58	0.49	0.00	0.17	0.41	0.66
<b>MSA 36140 Cape May</b>	229	4.27	0.00	0.00	21.44	11.35	50.49	44.98	28.06	43.67	1.48	0.00	0.55	1.50	2.03
<b>MSA 45940 Trenton-Ewing</b>	117	2.18	6.07	2.56	12.82	18.80	38.98	39.32	42.12	39.32	0.37	0.33	0.37	0.39	0.35
<b>MSA 47220 Vineland-Millville</b>	57	1.06	1.56	0.00	10.01	12.28	59.09	49.12	29.35	38.60	0.78	0.00	0.49	0.71	1.04

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005			Geography: NEW JERSEY								Evaluation Period: JANUARY 1, 2004 TO				
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 Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 15804 Camden</b>	1,553	31.01	3.80	2.22	10.87	9.26	56.51	59.23	28.47	29.29	2.40	2.45	2.20	2.60	2.27
<b>MSA 20764 Edison</b>	2,299	42.08	2.91	2.78	13.44	15.83	51.97	57.59	31.54	23.79	1.74	1.77	2.36	1.94	1.34
<b>Limited Review</b>															
<b>MSA 12100 Atlantic City</b>	329	6.17	6.57	2.13	14.59	9.42	58.86	68.09	19.95	20.36	2.45	2.23	2.33	2.78	2.08
<b>MSA 35084 Newark-Union</b>	805	13.54	2.39	0.88	11.44	10.81	39.62	35.40	46.54	53.17	1.21	0.33	1.45	1.24	1.24
<b>MSA 36140 Cape May</b>	119	2.31	0.00	0.00	19.90	10.92	56.61	59.66	23.49	29.41	1.44	0.00	0.50	1.62	2.10
<b>MSA 45940 Trenton-Ewing</b>	219	3.90	11.53	10.20	10.16	10.96	33.71	31.05	44.60	47.03	1.25	2.35	1.43	1.04	1.28
<b>MSA 47220 Vineland-Millville</b>	59	1.00	8.35	18.64	18.40	22.03	44.93	40.68	28.32	18.64	1.26	1.99	2.28	1.25	0.87

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

(10000017094) (Included)

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

Borrower Distribution: HOME PURCHASE		Geography: NEW JERSEY								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					
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**	% Families1	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 15804 Camden</b>	1,679	40.25	18.85	13.68	18.50	23.93	24.62	26.37	38.03	36.02	2.47	4.05	2.44	1.93	2.55
<b>MSA 20764 Edison</b>	1,379	33.06	19.11	8.47	18.58	19.14	22.73	27.99	39.58	44.40	1.13	1.87	0.98	1.10	1.11
<b>Limited Review:</b>															
<b>MSA 12100 Atlantic City</b>	333	7.98	19.29	11.66	18.27	18.40	23.34	17.48	39.11	52.45	1.62	3.43	1.79	1.03	1.68
<b>MSA 35084 Newark-Union</b>	313	7.50	16.17	5.39	15.58	14.81	21.03	27.27	47.23	52.53	0.61	1.40	0.81	0.46	0.60
<b>MSA 36140 Cape May</b>	237	5.68	18.91	1.29	18.76	9.05	21.69	9.91	40.65	79.74	1.82	0.00	3.22	1.07	1.83
<b>MSA 45940 Trenton-Ewing</b>	113	2.71	20.71	14.71	17.30	18.63	21.40	25.49	40.58	41.18	0.47	0.97	0.38	0.35	0.49
<b>MSA 47220 Vineland-Millville</b>	117	2.81	21.78	11.50	17.56	23.01	20.35	38.94	40.31	26.55	2.63	5.56	2.76	2.35	2.31

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 3.4% of loans originated and purchased by bank.

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

\*\*\*\* 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.

1 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2005		Geography: NEW JERSEY								Evaluation Period: JANUARY 1, 2004 TO					
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 <sup>2</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 15804 Camden</b>	3,693	54.48	18.85	9.80	18.50	22.09	24.62	31.26	38.03	36.85	18.07	18.83	19.17	18.04	17.17
<b>MSA 20764 Edison</b>	1,792	26.43	19.11	10.63	18.58	25.52	22.73	30.89	39.58	32.96	6.36	7.26	7.19	6.72	5.23
<b>Limited Review:</b>															
<b>MSA 12100 Atlantic City</b>	540	7.97	19.29	5.75	18.27	19.85	23.34	29.13	39.11	45.27	11.49	7.14	11.52	14.19	10.33
<b>MSA 35084 Newark-Union</b>	386	5.69	16.17	5.19	15.58	12.21	21.03	31.17	47.23	51.43	2.60	2.24	1.01	3.25	2.85
<b>MSA 36140 Cape May</b>	153	2.26	18.91	4.58	18.76	14.38	21.69	22.22	40.65	58.82	5.26	5.63	6.37	2.84	6.01
<b>MSA 45940 Trenton-Ewing</b>	121	1.78	20.71	9.09	17.30	23.97	21.40	28.10	40.58	38.84	3.30	1.30	3.46	3.68	3.63
<b>MSA 47220 Vineland-Millville</b>	94	1.39	21.78	8.51	17.56	14.89	20.35	34.04	40.31	42.55	4.78	4.65	4.27	6.00	4.21

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* 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.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005		Geography: NEW JERSEY						Evaluation Period: JANUARY 1, 2004 TO							
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 <sup>3</sup>	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 15804 Camden</b>	2,318	43.18	18.85	9.54	18.50	20.86	24.62	28.85	38.03	40.75	2.38	2.66	2.12	2.16	2.73
<b>MSA 20764 Edison</b>	1,813	33.77	19.11	11.46	18.58	24.84	22.73	28.76	39.58	34.95	1.00	1.53	1.08	0.92	0.88
<b>Limited Review:</b>															
<b>MSA 12100 Atlantic City</b>	406	7.56	19.29	4.57	18.27	20.05	23.34	27.16	39.11	48.22	1.89	2.00	1.57	1.79	2.13
<b>MSA 35084 Newark-Union</b>	428	7.97	16.17	7.50	15.58	14.75	21.03	30.50	47.23	47.25	0.60	0.97	0.51	0.51	0.66
<b>MSA 36140 Cape May</b>	229	4.27	18.91	2.26	18.76	9.95	21.69	21.72	40.65	66.06	1.70	0.83	1.08	1.84	1.86
<b>MSA 45940 Trenton-Ewing</b>	117	2.18	20.71	4.55	17.30	22.73	21.40	31.82	40.58	40.91	0.44	0.30	0.44	0.41	0.50
<b>MSA 47220 Vineland-Millville</b>	57	1.06	21.78	7.14	17.56	26.79	20.35	33.93	40.31	32.14	0.94	0.59	1.44	0.76	0.83

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 4.3% of loans originated and purchased by bank.

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

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

3 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005					Geography: NEW JERSEY			Evaluation Period: JANUARY 1, 2004 TO	
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>									
<b>MSA 15804 Camden</b>	1,541	31.07	65.89	55.48	67.36	18.11	14.54	2.40	2.43
<b>MSA 20764 Edison</b>	2,302	42.03	67.45	56.21	69.55	14.21	16.25	1.74	2.07
<b>Limited Review:</b>									
<b>MSA 12100 Atlantic City</b>	330	6.20	65.66	64.85	67.58	16.97	15.45	2.45	3.35
<b>MSA 35084 Newark-Union</b>	805	13.51	68.81	51.55	75.28	10.56	14.16	1.21	1.33
<b>MSA 36140 Cape May</b>	119	2.30	70.11	62.18	61.34	16.81	21.85	1.44	1.38
<b>MSA 45940 Trenton-Ewing</b>	219	3.89	65.12	51.14	67.58	16.89	15.53	1.25	1.42
<b>MSA 47220 Vineland-Millville</b>	59	0.99	65.74	64.41	62.71	20.34	16.95	1.26	2.01

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* 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 10.37% of small loans to businesses originated and purchased by the bank.

(10000017094) (Included)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: NEW JERSEY				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006			
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>									
<b>MSA 15804 Camden</b>	5	2,649	69	8,111	74	10,760	8.87	0	0
<b>MSA 20764 Edison</b>	0	0	4	34	4	34	.03	0	0
<b>Limited Review:</b>									
<b>MSA 12100 Atlantic City</b>	2	52	5	4	7	56	.05	0	0
<b>MSA 35084 Newark-Union</b>	0	0	3	38	3	38	.03	0	0
<b>MSA 36140 Cape May</b>	0	0	3	12	3	12	.01	0	0
<b>MSA 45940 Trenton-Ewing</b>	0	0	19	110	19	110	.09	0	0
<b>MSA 47220 Vineland-Millville</b>	0	0	2	1	2	1	0.00	0	0
<b>State-wide Area</b>	5	6,944	12	103,353	17	110,297	90.92	4	4,641

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

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

(10000017094) (Included)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: NEW JERSEY				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006					
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>																	
<b>MSA 15804 Camden</b>	27.0	46	29.68	2.17	8.70	60.87	28.26	4	0	0	0	3	1	6.00	12.38	59.47	22.13
<b>MSA 20764 Edison</b>	38.0	55	35.48	0	14.55	63.64	21.81	12	0	0	2	5	5	3.91	17.20	51.81	26.93
<b>Limited Review:</b>																	
<b>MSA 12100 Atlantic City</b>	8.0	8	5.16	12.50	0	62.50	25.00	0	0	0	0	0	0	4.31	16.09	61.29	17.52
<b>MSA 35084 Newark-Union</b>	18.0	32	20.65	0	3.13	43.75	53.12	12	0	0	0	7	5	2.46	16.28	36.41	44.85
<b>MSA 36140 Cape May</b>	3.0	4	2.58	0	25.00	75.00	0	1	0	0	1	0	0	0.00	23.79	51.50	24.71
<b>MSA 45940 Trenton-Ewing</b>	5.0	8	5.16	12.50	0	37.50	50.00	2	0	1	0	0	1	11.94	14.87	35.29	37.37
<b>MSA 47220 Vineland-Millville</b>	1.0	2	1.30	0	0	50.00	50.00	1	0	0	0	1	0	5.07	17.50	54.11	23.32

Institution ID: COMMERCE BANK,

NA (10000017094) (Included)

**Table 1. Lending Volume**

LENDING VOLUME		Geography: PENNSYLVANIA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2005):	% 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>												
MSA 37964 Philadelphia	98.42	5,827	657,122	2,406	330,658	0	0	13	56,491	8,246	1,044,271	100.0

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from March 31, 2003 to October 2, 2006.

\*\*\* Deposit Data as of September 21, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(10000017094) (Included)

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 31, 2005			Geography: PENNSYLVANIA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
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	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 37964 Philadelphia</b>	1,424	97.33	8.68	11.45	18.44	23.17	33.17	27.46	39.71	37.92	0.42	0.45	0.30	0.42	0.46

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: HOME IMPROVEMENT 31, 2005		Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
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>															
<b>MSA 37964 Philadelphia</b>	2,136	98.98	8.68	3.32	18.44	12.73	33.17	38.34	39.71	45.60	0.14	0.13	0.28	0.14	0.07

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005		Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2004 TO					
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	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 37964 Philadelphia</b>	2,186	99.05	8.68	9.52	18.44	16.97	33.17	30.56	39.71	42.96	0.35	0.40	0.26	0.25	0.46

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005		Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2004 TO					
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 Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 37964 Philadelphia</b>	2,380	97.96	9.05	7.18	16.11	14.62	29.43	31.51	44.92	46.68	1.51	2.51	1.88	1.58	1.35

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

(10000017094) (Included)

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

Borrower Distribution: HOME PURCHASE 2005		Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
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**	% Families4	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 37964 Philadelphia</b>	1,424	97.33	22.16	12.39	17.16	18.80	20.53	18.51	40.14	50.29	0.46	0.34	0.39	0.34	0.59

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 3.6% of loans originated and purchased by bank.

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

\*\*\*\* 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.

4 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2005		Geography: PENNSYLVANIA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Famili es***	% BANK Loans****	% Families <sup>5</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 37964 Philadelphia</b>	2,136	98.98	22.16	8.25	17.16	17.95	20.53	27.84	40.14	45.97	0.14	0.09	0.16	0.14	0.15

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* 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.

<sup>5</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005		Geography: PENNSYLVANIA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
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 <sup>6</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 37964 Philadelphia</b>	2,186	99.05	22.16	6.49	17.16	16.78	20.53	22.42	40.14	54.31	0.40	0.25	0.37	0.34	0.49

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 3.5% of loans originated and purchased by bank.

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

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

<sup>6</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005		Geography: PENNSYLVANIA			Evaluation Period: JANUARY 1, 2004 TO				
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>									
<b>MSA 37964 Philadelphia</b>	2,406	97.99	61.12	57.36	66.33	18.37	15.30	1.51	1.66

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.92% of small loans to businesses originated and purchased by the bank.

(10000017094) (Included)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: PENNSYLVANIA				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006			
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>									
<b>MSA 37964 Philadelphia</b>	5	6,789	103	39,780	108	46,569	93.50	1	11,030
<b>Statewide</b>	4	3,235	0	0	4	3,235	6.50	0	0

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

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

(10000017094) (Included)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: PENNSYLVANIA				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006					
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>																	
<b>MSA 37964 Philadelphia</b>	100.0	76	95.00	0	10.53	31.58	57.89	23	0	0	1	9	13	12.19	20.88	31.83	34.94

NA (10000017094) (Included)

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2005):	% 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>												
MSA 35004 Nassau-Suffol	41.50	1,341	253,786	1,164	129,556	0	0	2	5,200	2,507	388,542	55.0
MSA 35644 NY New York-Wayne-White Plains	58.50	1,827	531,193	2,166	295,147	0	0	25	155,594	4,019	981,934	45.0

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from March 31, 2003 to October 3, 2006.

\*\*\* Deposit Data as of September 20, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(10000017094) (Included)

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 2005		Geography: NEW YORK					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
<b>MSA 35004 Nassau-Suffolk</b>	257	27.31	0.22	0.78	12.21	15.95	66.17	57.59	21.40	25.68	0.12	0.00	0.09	0.11	0.19	
<b>MSA 35644 NY New York-Wayne-White Plains</b>	684	72.69	2.64	4.82	13.84	17.25	28.80	15.94	54.72	61.99	0.18	0.08	0.08	0.08	0.27	

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: HOME IMPROVEMENT 2005		Geography: NEW YORK								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
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>															
<b>MSA 35004 Nassau-Suffolk</b>	675	51.84	0.22	0.30	12.21	8.59	66.17	71.85	21.40	19.26	1.88	0.00	0.69	2.10	2.73
<b>MSA 35644 NY New York Wayne-White Plains</b>	627	48.16	2.64	1.12	13.84	11.16	28.80	29.67	54.72	58.05	1.78	0.57	1.23	1.82	2.06

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005		Geography: NEW YORK								Evaluation Period: JANUARY 1, 2004 TO					
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	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 35004 Nassau-Suffolk</b>	405	45.61	0.22	0.74	12.21	15.80	66.17	60.49	21.40	22.96	0.14	0.00	0.06	0.14	0.24
<b>MSA 35644 NY New York Wayne-White Plains</b>	483	54.39	2.64	2.28	13.84	15.11	28.80	19.46	54.72	63.15	0.12	0.16	0.07	0.07	0.17

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES 31, 2005			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
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 Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overal l	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 35004 Nassau-Suffolk</b>	1,162	40.42	0.69	0.26	12.55	13.68	62.49	62.65	24.26	23.41	0.71	0.64	0.85	0.70	0.77
MSA 35644 NY New Y <b>Wayne-White Plains</b>	2,152	59.58	7.21	3.62	18.64	17.10	20.87	18.91	52.22	60.36	0.70	0.42	0.73	0.63	0.78

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

(10000017094) (Included)

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

Borrower Distribution: HOME PURCHASE		Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
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**	% Families7	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 35004 Nassau-Suffolk</b>	257	27.28	18.03	4.17	18.61	12.92	24.19	28.33	39.18	54.58	0.15	0.32	0.13	0.13	0.17
<b>MSA 35644 NY New York Wayne-White Plains</b>	685	72.72	28.14	0.66	15.77	6.41	16.63	18.42	39.45	74.51	0.23	0.14	0.31	0.23	0.22

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* 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.

7 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME IMPROVEMENT 31, 2005		Geography: NEW YORK								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Famili es***	% BANK Loans****	% Families <sup>8</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 35004 Nassau-Suffolk</b>	675	51.80	18.03	10.68	18.61	18.25	24.19	34.72	39.18	36.35	2.01	2.85	1.44	2.04	2.20
MSA 35644 NY New <b>Wayne-White Plains</b>	628	48.20	28.14	4.94	15.77	13.24	16.63	19.62	39.45	62.20	1.97	2.40	2.50	1.91	1.88

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* 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.

<sup>8</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME MORTGAGE REFINANCE 31, 2005		Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER							
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 <sup>9</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 35004 Nassau-Suffolk</b>	405	45.56	18.03	5.51	18.61	18.90	24.19	30.97	39.18	44.62	0.17	0.27	0.09	0.17	0.22
<b>MSA 35644 NY Nev Wayne-White Plains</b>	484	54.44	28.14	2.19	15.77	8.53	16.63	15.10	39.45	74.18	0.15	0.25	0.13	0.13	0.16

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 5.7% of loans originated and purchased by bank.

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

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

<sup>9</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2005		Geography: NEW YORK			Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
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>									
<b>MSA 35004 Nassau-Suffolk</b>	1,164	40.25	65.32	36.00	78.18	9.11	12.71	0.71	0.52
<b>MSA 35644 NY New York Wayne-White Plains</b>	2,166	59.75	63.05	37.17	72.16	12.28	15.56	0.70	0.48

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* 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 27.72% of small loans to businesses originated and purchased by the bank.

(10000017094) (Included)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: NEW YORK				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006			
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>									
<b>MSA 35004 Nassau-Suffolk</b>	0	0	13	8,822	13	8,822	27.66	1	7,000
MSA 35644 NY New York <b>Wayne-White Plains</b>	1	787	63	3,060	64	3,847	12.06	4	5,931
Statewide	4	2,033	9	17,197	13	19,230	60.28	1	1,200

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

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

(10000017094) (Included)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: NEW YORK				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006					
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>																	
<b>MSA 35004 Nassau-Suffolk</b>	41.50	29	31.87	0	3.45	79.31	17.24	22	0	0	0	20	2	0.76	16.02	64.36	18.86
<b>MSA 35644 NY New York Wayne-White Plains</b>	58.50	62	68.13	4.84	11.29	22.58	59.68	50	0	3	7	14	25	14.88	28.26	25.76	30.93

NA (1000017094) (Included)

Table 1. Lending Volume

LENDING VOLUME												Geography: DELAWARE		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2005):	% 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>															
MSA 48864 Wilmington	93.19	576	54,188	221	20,996	0	0	2	5,136	799	80,320	97.0			
<b>Limited Review:</b>															
MSA 20100 Dover	6.81	51	5,010	14	5,658	0	0	1	3,296	66	13,964	3.0			
Greater Statewide Area								3	8,509	3	8,509				

\* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from March 31, 2006 to October 3, 2006.

\*\*\* Deposit Data as of September 20, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

(10000017094) (Included)

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 2005		Geography: DELAWARE						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
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	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 48864 Wilmington</b>	134	87.01	1.53	0.75	14.54	20.90	51.24	49.25	32.69	29.10	0.26	0.00	0.14	0.29	0.32
<b>Limited Review:</b>															
<b>MSA 20100 Dover</b>	20	12.99	0.00	0.00	5.30	10.00	82.64	80.00	12.06	10.00	0.18	0.00	0.47	0.14	0.36

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: HOME IMPROVEMENT 2005		Geography: DELAWARE								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
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>															
<b>MSA 48864 Wilmington</b>	270	93.43	1.53	1.11	14.54	14.07	51.24	56.30	32.69	28.52	0.15	0.00	0.21	0.11	0.22
<b>Limited Review:</b>															
<b>MSA 20100 Dover</b>	19	6.57	0.00	0.00	5.30	0.00	82.64	78.95	12.06	21.05	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005		Geography: DELAWARE								Evaluation Period: JANUARY 1, 2004 TO					
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	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 48864 Wilmington</b>	169	93.37	1.53	0.59	14.54	20.71	51.24	50.89	32.69	27.81	0.19	0.00	0.13	0.20	0.22
<b>Limited Review:</b>															
<b>MSA 20100 Dover</b>	12	6.63	0.00	0.00	5.30	0.00	82.64	83.33	12.06	16.67	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES 31, 2005			Geography: DELAWARE								Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
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 Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 48864 Wilmington</b>	220	96.64	15.85	10.91	14.64	19.55	43.11	43.64	26.33	25.91	0.77	1.03	1.16	0.62	0.81
<b>Limited Review:</b>															
<b>MSA 20100 Dover</b>	14	3.36	0.00	0.00	9.58	0.00	76.52	85.71	13.90	14.29	0.30	0.00	0.00	0.34	0.24

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2005).

(10000017094) (Included)

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

Borrower Distribution: HOME PURCHASE		Geography: DELAWARE						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
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**	% Families10	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 48864 Wilmington</b>	134	87.01	18.53	8.40	17.33	28.24	23.55	22.14	40.59	41.22	0.31	0.00	0.41	0.26	0.36
<b>Limited Review:</b>															
<b>MSA 20100 Dover</b>	20	12.99	18.78	0.00	18.66	30.00	23.18	25.00	39.38	45.00	0.21	0.00	0.34	0.14	0.22

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by bank.

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

\*\*\*\* 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.

10 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME IMPROVEMENT 31, 2005		Geography: DELAWARE								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Famili es***	% BANK Loans****	% Families 11	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 48864 Wilmington</b>	270	93.43	18.53	9.29	17.33	23.42	23.55	29.37	40.59	37.92	0.16	0.00	0.00	0.21	0.30
<b>Limited Review:</b>															
<b>MSA 20100 Dover</b>	19	6.57	18.78	5.26	18.66	15.79	23.18	52.63	39.38	26.32	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data (Eastern)

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

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

\*\*\*\* 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.

11 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

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

Borrower Distribution: HOME MORTGAGE REFINANCE 31, 2005		Geography: DELAWARE								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
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 12	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
<b>MSA 48864 Wilmington</b>	169	93.37	18.53	10.30	17.33	27.27	23.55	27.88	40.59	34.55	0.23	0.11	0.16	0.40	0.17
<b>Limited Review:</b>															
<b>MSA 20100 Dover</b>	12	6.63	18.78	8.33	18.66	25.00	23.18	25.00	39.38	41.67	0.00	0.00	0.00	0.00	0.00

\* Based on 2004 Peer Mortgage Data (Eastern)

\*\* As a percentage of loans with borrower income information available. No information was available for 2.2% of loans originated and purchased by bank.

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

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

12 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

(10000017094) (Included)

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2005					Geography: DELAWARE			Evaluation Period: JANUARY 1, 2004 TO DECEMBER	
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>									
<b>MSA 48864 Wilmington</b>	221	96.67	60.19	62.44	75.57	13.57	10.86	0.77	0.67
<b>Limited Review:</b>									
<b>MSA 20100 Dover</b>	14	3.33	58.21	57.14	28.57	28.57	42.86	0.30	0.33

\* Based on 2005 Peer Small Business Data -- US and PR

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2005).

\*\*\*\* 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 0.83% of small loans to businesses originated and purchased by the bank.

(10000017094) (Included)

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: DELAWARE				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006			
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>									
<b>MSA 48864 Wilmington</b>	0	0	29	132	29	132	3.22	0	0
<b>Limited Review:</b>									
<b>MSA 20100 Dover</b>	0	0	2	3	2	3	0.07	0	0
<b>Statewide</b>	0	0	8	3,967	8	3,967	96.71	2	1,742

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

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

(10000017094) (Included)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: DELAWARE				Evaluation Period: MARCH 31, 2003 TO OCTOBER 2, 2006					
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>																	
<b>MSA 48864 Wilmington</b>	93.19	7	99.88	14.29	0.00	71.42	14.29	1	0	0	0	1	0	4.17	17.63	50.63	27.58
<b>Limited Review:</b>																	
<b>MSA 20100 Dover</b>	6.81	1	11.11	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	8.88	77.69	13.42