



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Public Disclosure**

**April 14, 2003**

**Community Reinvestment Act  
Performance Evaluation**

**Sun National Bank  
Charter Number: 18606  
226 Landis Avenue  
Vineland, New Jersey 08360**

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

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated “SATISFACTORY”.

The following table indicates the performance level of **Sun National Bank (“SNB”)** with respect to the Lending, Investment, and Service Tests:

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

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

**The major factors that support this rating include:**

- Good distribution of loans among individuals of different income levels, given the demographics of the assessment areas (AAs).
- Good geographic distribution of loans throughout the AAs, given the demographics and the opportunities.
- A good overall level of community development lending, which had a positive impact on the lending test rating.
- A good level of qualified investments that serve the identified needs of the AAs.
- Service delivery systems that are reasonably accessible to geographies and individuals of different income levels.
- A good overall level of community development services, including instances where SNB has taken a leadership role.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan 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).

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

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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

Sun National Bank (“SNB”) is a wholly owned subsidiary of Sun Bancorp, Inc. (“Bancorp”) a one-bank holding company headquartered in Vineland, New Jersey. SNB’s affiliates include Sun Capital Trust II, III and IV, each of which is a capital financing vehicle for the Bancorp and have no independent operations. Since the last examination, Sun Capital Trust I was liquidated. SNB has three wholly owned subsidiaries: Sun Financial Services, L.L.C., engaged in life insurance and annuity sales, Med-Vine, Inc., a holding company for SNB’s investment securities and 2020 Properties, L.L.C., which holds certain loans, judgments, real estate and other assets acquired in satisfaction of debts previously contracted by the bank. The investment activities of Med-Vine, Inc. are the only assets considered in this evaluation.

Except as noted, all financial data is as of December 31, 2002 for both Bancorp and SNB data. Sun Bancorp reported assets totaling \$2.1 billion nearly of which is attributable to SNB. Sun National Bank serves its customers through 75 community banking centers located in Southern and Central New Jersey, in the contiguous New Castle County market in Delaware, and in Philadelphia, Pennsylvania. The latter is part of a multi-state metropolitan area (“MMA”) and as such will receive a separate rating within this evaluation.

Prior to the last CRA review, SNB expanded its market area beyond New Jersey to Pennsylvania with the opening of a full service branch in December 1999 in the city of Philadelphia. At that time, SNB revised its Southern New Jersey assessment area effective March 1, 2000 to include the city and county of Philadelphia served by the new branch office. In addition, Bancorp merged its Delaware bank into the New Jersey entity thereby creating an interstate bank. SNB is therefore viewed as an interstate bank for purposes of this evaluation. A separate state rating will be assigned to Delaware, New Jersey as well as the MMA.

The bank offers a full range of loan and deposit products and services, including home equity loans, mortgage loans, a variety of commercial business and commercial real estate loans and, to a lesser extent, installment loans. The bank is a participating lender in the Small Business Administration Certified Lenders Program. Also, SNB is a designated preferred lender with the New Jersey Economic Development Authority. Agricultural lending is not a primary business line of the bank and therefore is not part of the analysis of SNB’s lending activities.

SNB assets were \$2.1 billion with net loans totaling \$1.2 billion, representing 58% of total assets. Commercial and commercial real estate loans represent 77% of net loans, followed by residential real estate (13%), construction (7%), and consumer loans (3%). There are no legal, financial or other factors impeding SNB’s ability to help meet the credit needs of the communities it serves. SNB reported Tier 1 capital of \$149 million. SNB’s wholly owned subsidiary, Med-Vine Inc., holds the majority of the bank’s investment securities, including qualified CRA investments. The subsidiary was formed to take advantage of Delaware’s tax laws. As of December 31, 2002, Med-Vine Inc. reported assets totaling \$363 million and net income of \$10 million. Other bank subsidiaries are: Sun Financial Services which engages in life insurance and annuity sales, and 2020 Properties, which holds other assets. At year-end 2002, 2020 Properties held \$904 thousand in other real estate owned. The majority of the assets, \$609 thousand, was comprised of bank property or equipment no longer used in the bank’s

operations. The bank's capacity for community reinvestment is not impacted by these subsidiaries.

During the review period Sun National Bank originated 2,452 HMDA related loans totaling \$169 million. Additionally, it originated 1,177 small business loans, totaling \$208 million. Based upon the number of HMDA related loans being originated, this type of lending is weighted more heavily than small business lending in this evaluation.

Intense competition for loans, deposits and qualified investments is provided from several larger institutions (both national and regional) as well as local institutions and non-bank financial intermediaries. Primary competitors include, Wachovia Bank National Association (First Union), Fleet National Bank, Sovereign Bank, Merrill Lynch Bank and Trust Company, PNC Bank and Commerce Bank, National Association.

SNB was rated "Satisfactory" at its last CRA evaluation dated May 1, 2000.

Community credit needs and opportunities are discussed in the respective Market Profiles in Appendix C.

## **Scope of the Evaluation**

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

The evaluation period is from January 1, 2000 to December 31, 2002. SNB's origination of home mortgage loans, small loans to businesses and CD loans were evaluated. Bank management did not provide consumer loans to be included in this evaluation of the bank's performance. SNB originated only three small loans to farms. Therefore these loans are not evaluated. Agricultural lending is not a primary business line of the bank. There were minimal multi-family loans originated during the evaluation period. Since this is not a major loan type of SNB, Table 5 in Appendix D has been eliminated. As noted above, home mortgage related lending is weighted more heavily than small business lending in this evaluation.

CD Loans and qualified investments originated by SNB during the period of May 1, 2000 to April 25, 2003 were considered. Any qualified investments originated in prior periods and still outstanding at April 25, 2003 were given appropriate consideration. Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

### **Data Integrity**

During December 2002, OCC examiners verified the accuracy of the lending registers that the bank is required to file annually with regulators. These registers contain loan data for home mortgage and small business. We found several errors in the HMDA data for the years 2000 and 2001. The errors did not affect the reliability of the data. However, the bank opted to re-file the HMDA data for those years. As part of this evaluation, all CD loans, services and qualified

investments presented were reviewed for accuracy. The data used in this analysis is considered reliable. However, during the examination, adjustments were made to the bank's loan volume tables to more accurately reflect small business and community development lending. These adjustments did not have a significant impact upon the remaining data used to analyze SNB's lending performance.

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

SNB has seven assessment areas ("AAs") within Delaware, Pennsylvania and New Jersey. We performed full scope review of Multi-state Metropolitan Area MSA 6160. A Multi-state Metropolitan Area ("MMA") is defined as a metropolitan area ("MA") within two or more states. This MMA will be designated the Philadelphia MA for this evaluation. SNB has only one branch office in the Pennsylvania portion of the MMA. The AAs designated as Vineland, Atlantic/Cape May and Monmouth/Ocean, all in New Jersey also received full-scope review. Additionally, the Delaware AA received a full scope review so as to arrive at a state rating for that area. The above areas account for approximately 93% of both deposits and loan activity for the bank.

The Middlesex and Mercer AAs received limited scope reviews. Refer to the tables in Appendix A for more information.

### **Ratings**

The multi-state metropolitan area rating and 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 overall bank rating is based on the bank's performance in the Philadelphia MA and the states of Delaware and New Jersey. These areas represent the significant majority of the bank's overall lending activities, deposits, and branches. The performance in the limited review areas had minimal impact in arriving at the overall bank rating because of the bank's limited presence in those markets. We assigned an overall bank rating, a multi-state rating, state of Delaware rating and a state of New Jersey rating. The bank's performance in each of the full-scope areas is individually discussed later in this evaluation.

The multi-state metropolitan area ratings and 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.

When determining conclusions for the Lending Test in each AA, home mortgage products were given more weight than small business lending. This is due to the fact that home mortgage products constituted a large majority of the loans originated during the review period. Home mortgage products originated approximated twice the level of small business loans made during the period.

In addition, when determining the overall rating for the Investment Test, SNB's level of activity in the state of New Jersey was weighted more heavily in the overall analysis of the bank due to the bank focusing its products and services within this area.

## **Fair Lending Review**

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

## **Multi-state Metropolitan Area Rating Philadelphia Multi-state MSA**

**CRA rating for the Philadelphia Multi-state MSA (Philadelphia MA): “Satisfactory”. <sup>1</sup>**

<b>The lending test is rated:</b>	<b>Low Satisfactory</b>
<b>The investment test is rated:</b>	<b>Outstanding</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

**The major factors that support this rating include:**

- Lending levels reflect good responsiveness to assessment area credit needs;
- The geographic distribution of loans reflects an adequate penetration throughout the assessment area;
- The distribution of borrowers reflects good penetration for home mortgage and an adequate distribution of small business loans;
- A high overall level of qualified community development investments and grants;
- A high level of services related to community development services, and;
- Delivery systems and offices are reasonably accessible to geographies and individuals of different income levels in its assessment area. In addition, the bank had a high level of services which has a positive impact on the overall service test rating.

### **Description of Institution’s Operations in the Philadelphia Multi-state MSA**

The AA includes all of the census tracts in Philadelphia County, Pennsylvania, the only county of the five Pennsylvania counties that compose that state’s portion of the MMA. All of the New Jersey counties that comprise the entire New Jersey portion of the MMA, Camden, Burlington, Salem and Gloucester, make up the rest of the AA. There are ninety-five low-income tracts and one hundred moderate-income tracts within the MAA. Of these, 83% of the low tracts and 79% of the moderate tracts are located within the city of Philadelphia. There are several low- and moderate-income (“LMI”) (total of nine) tracts in New Jersey that are associated with military bases, namely Fort Dix and McGuire Air Force Base. SNB’s AA evaluated as part of the multi-state MA includes 680 census tracts and 2.8 million persons. The income levels of the combined tracts are as follows: upper-income 17%, middle-income 43%, moderate-income 23% and low-income 14%. The median housing price is \$80 thousand, making affordability within reach for LMI individuals.

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

The lion's share of the bank's operations is in New Jersey where sixteen of the offices are situated. Since the last examination, SNB has still not become a major participant in the Philadelphia portion of the MA, given the intense competition by long established and much larger banks in the City. In addition, SNB's only banking office is located within the central business district of the city. This location makes it difficult for the bank to fully serve the entire city due to its location as well as the branch's purpose of providing SNB's New Jersey residents who work in Center City Philadelphia accessibility. Though the bank includes the entire city in its AA, in reality it serves only the area immediately surrounding the location. The Philadelphia MA assessment area includes 680 census tracts in the multi-state MSA, of which 367 (54%) are in the City of Philadelphia. This multi-state MSA contains the second largest share of the bank's total deposits at 23.3% as well as loans at 23.9%. Impacting the bank's performance in New Jersey is Camden County, which is the largest of the counties in the bank's New Jersey assessment area with a population of 509,350. Within the county is the City of Camden, considered one of the poorest cities in the nation. The city has 19 geographies, 18 of which are identified as low- or moderate-income, and 99% of the city's population resides within these geographies. According to 1990 census data, the median family income for the city was \$19,079 and, of the total number of families in the city, 75% are designated as LMI. Families living below the poverty level represented 34% of total families. Lending opportunities are limited in this area.

Refer to the Market Profile for the Philadelphia Multi-state MA in Appendix C for detailed demographics and other performance context information.

## **LENDING TEST**

SNB's performance under the lending test is rated Low Satisfactory in the Philadelphia Multi-state MA.

### **Lending Activity**

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

SNB's lending activity is good in this AA. With \$1.3 billion in deposits as of June 30, 2002, SNB has a market share of 0.4% market share ranking it 42<sup>nd</sup> among reporting institutions within the MMA. Principal competitors in this MMA are #1-Wachovia Bank, NA (246 offices/22% of deposits), #2-PNC Bank, NA (157 offices 12% share), #3 Citizens Bank (128 offices/10% of deposits), and #4-Commerce Bank, NA (40 offices/5% of deposits). Together, these four banks combine for nearly 50% of the total market share of deposits in MMA. However, in the city of Philadelphia only, SNB's market share is 0.1%, while in New Jersey, its share is 1.9% ranking it 12<sup>th</sup>, behind #1 Commerce Bank, NA (25% share), #2 PNC Bank (13% share) and #3 Wachovia Bank, NA (12% share). In addition to deposits, lending competition is intense for both mortgage loans and small business loans with 620 local and national HMDA reporters and 117 CRA reporters identified in this assessment area. The bank ranked 78th in home purchase lending, 34th in home improvement lending and 102nd in refinance lending. Market share for each of these products was less than 1%. For home purchase and refinance loans a nationwide mortgage

company was ranked number one. SNB was ranked 50<sup>th</sup> in the number of small loans to businesses with market share of 0.5%.

During the evaluation period, SNB originated a total of 604 home mortgage loans totaling \$47.7 million in this AA. Home mortgage lending in this MSA represents 24% of the number and 28% of the dollar amount of the bank's overall home mortgage lending. Of the total number of home mortgage loans made in the MSA, 40% were home purchase, 35% refinances, and 25% home improvement loans. No multifamily loans were originated in this MSA; therefore an analysis of that data was not conducted. Home mortgage lending represented 69% of the reportable loans for this assessment area. Loans to small businesses in the MSA represent 30% of the number. Only three farm loans were originated in this AA during the review period. This amount is considered insignificant to conduct any meaningful analysis.

The vast majority of the mortgage lending activity was conducted in the New Jersey portion of the MA. During the evaluation period, SNB originated only 21 HMDA related loans in Philadelphia compared to 583 in New Jersey. Loans to small businesses revealed a similar split. Therefore, while the following analysis is conducted on a consolidated basis, mitigating the bank's performance in Pennsylvania is a limited presence and intense competition from larger local and national lenders.

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

### **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the "Philadelphia MA" 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 geographic distribution of home mortgage loans is adequate in this MA. In each of the categories of loans, i.e., home purchase, refinance and improvement, the percentage of those loans made in LMI geographies is greatly below the percentage of owner occupied housing units in each of those geographies. Also impacting this performance is the bank's limited presence within Philadelphia. Also, the market share in low-income geographies is well below the overall market share. SNB's performance in New Jersey is also adequate even after considering that a number of LMI tracts are associated with the city of Camden and military installations. Lending opportunities are limited in Camden based upon the continued economic issues there. This city is the subject of revitalization efforts with the current focus primarily on attracting businesses and redeveloping the Delaware River waterfront. Lending opportunities on military installations are virtually nonexistent.

### **Small Loans to Businesses**

Refer to Table 6 in Appendix D for the facts and data used to evaluate the geographic distribution of the origination and purchase of the bank's small loans to businesses. The geographic distribution of small loans to businesses made in the Philadelphia MA is adequate. The bank's percentage of small loans to businesses in the LMI geographies is below the number of businesses located those areas. Market share for loans made to businesses in LMI geographies

is also below the bank's overall market share. Lending opportunities appear to be available to businesses within those tracts. As noted in Table 1 – Other Loan Data located in the appendix, the bank provided us with 12 small business loans secured by real estate amounting to \$2 million. These loans were not considered due to the total not having a meaningful impact on the overall analysis.

### **Lending Gap Analysis**

An analysis of SNB's home mortgage and small business patterns did not reveal any significant or unexplained gaps in the geographic distribution in this assessment area. Although there were a few LMI geographies where SNB did not originate either small business or mortgage loans, there were either none or a limited number of opportunities in those areas.

### **Inside/Outside Ratio**

This portion of the evaluation was performed at the bank level rather than at each AA. This analysis indicates the level of lending within all of the AAs on a consolidated basis. During the evaluation period, SNB originated a significant majority (87%) of the total loans under consideration within the AAs. SNB originated 94% of its HMDA related loans and 76% of its small business loans within the AAs. This analysis included all reportable loans originated by SNB only. No credits extended by any affiliate were considered due to the fact that no bank affiliate or subsidiary extend credit.

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

#### **Home Mortgage Loans**

Refer to Tables 8, 9, and 10 in the Multi-state MA 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.

SNB's overall distribution of loans in the Philadelphia MA by borrower income reflects an adequate penetration among customers of different income levels. The high cost of housing makes it difficult for low-income families to afford housing in this MSA. More consideration was placed on the moderate-income performance due to the cost of housing appears to be more within the means of moderate-income families. It should be noted that households living below the poverty level represents 14% of those within the AA. Also, low-income persons earn less than \$31,650 annually. Based upon 1990 data, median housing cost was \$80,014 and has increased since then. This would indicate that low-income individuals would find difficult to afford housing, while moderate-income individuals may find affordable units slightly more within financial reach. These are mitigating factors to be considered during the analysis of borrower income.

#### **Home Purchase Loans**

The borrower distribution of home purchase lending is good. The percentage of lending to low-income borrowers was below the percentage of low-income families, but the percentage of

lending to moderate-income borrowers significantly exceeded the percentage of such families. As discussed above in this PE, this is considered good when considering the mitigating factors noted above. Further, the bank's market share for both LMI borrowers approximated its overall market share in each category.

### **Home Improvement Loans**

The borrower distribution of home improvement loans is good in the Philadelphia MA when considering the mitigating factors. The percentage of lending to low-income borrowers was below the percentage of low-income families. As discussed above in this PE, this is considered good when considering the mitigating factors noted above. These are households living below the poverty level represents 14% of those within the AA. Also, low-income persons earn less than \$31,650 annually. Based upon 1990 data, median housing cost was \$80,014 and has increased since then. This would indicate that low-income individuals would find difficult to afford housing, while moderate-income individuals may find affordable units slightly more within financial reach, the bank's market share of loans to low-income families substantially meets the overall market share. The percentage of lending to moderate-income borrowers was significantly above the percentage of such families and the market share for moderate-income borrowers exceeded the overall market share.

### **Home Mortgage Refinance Loans**

The borrower distribution of home mortgage refinance loans is adequate in the Philadelphia MA when the mitigating factors enumerated above are factored in with the context of the AA. The percentage of lending to low-income borrowers was significantly below the percentage of low-income families. However, the percentage of lending to moderate-income families exceeded the percentage of such families. The bank's market share of loans made to both LMI families each exceeded the overall market share.

### **Small Loans to Businesses**

Refer to Table 11 in the Philadelphia MA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. The distribution of small loans to businesses is adequate in the Philadelphia MA.

The bank's percentage of loans to small businesses is significantly less than the percentage of all small businesses in the assessment area. However, the bank's market share for loans to businesses with annual revenues of \$1 million or less greatly exceeded the overall market share for all small business loans. Also, Nearly one-half of small loans to businesses were for amounts less than \$100 thousand.

As noted in Table 1 – Other Loan Data located in the appendix, the bank provided us with 12 small business loans secured by real estate amounting to \$2 million. These loans were not considered due to the total not having a meaningful impact on the overall analysis.

### **Community Development Lending**

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

CD loans had a neutral impact on the lending test. During the evaluation period, SNB originated one community development loan totaling \$500 thousand to a not for profit community development corporation whose activities target primarily LMI individuals. The dollar volume represents less than 1% of the allocated Tier 1 Capital. In addition to the above, there were additional loans amounting to \$683 thousand that had community development as its primary purpose. However, these loans were analyzed as part of our mortgage and small business analysis.

### **Product Innovation and Flexibility**

SNB has introduced a flexible small business loan product that is used throughout all of the AAs. This bank-wide product is discussed here.

The small business product eliminates a large amount of documentation requirements and provides for a faster decision process. SNB uses credit scoring to decide the requests for small business lending. This process has also had some impact on the bank's CRA reporting since business size is not a decision factor. Therefore, this factor is not reported on loans originated using this process. Generally, businesses eligible for this process are those that have been in existence for at least two years, request loan amounts of up to \$50 thousand, possess a good credit history, are not specialty or high-risk entities, and proceeds are to be entirely used in the business. Originally, the maximum loan amount was set at \$35 thousand. This amount was raised to \$50 thousand in early 2003. Based upon this maximum loan amount, it is generally assumed that a large segment of the businesses using this product have annual revenues of less than \$1 million.

This program has been in existence for approximately two years and has met with success since its inception. In each of the full scope AAs below, an average of 45% of the loans originated during the review period did not have revenue data available indicating that this product is assisting in small business loans being made quicker and with less documentation requirements.

Product innovation and flexibility had a neutral impact on the Lending Test conclusions for this MSA. SNB has developed assessment area-wide programs that are discussed immediately above. Bank management did not present any other programs unique to this AA.

### **INVESTMENT TEST**

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

SNB's performance under the investment test in the Philadelphia MA is rated "Outstanding".

The level of qualified investments is excellent. During the review period, SNB originated 13 qualified investments during the evaluation period totaling \$4.6 million. All of the investments are mortgage-backed securities and are not considered innovative or complex. The dollar volume of the investments represents 16.3% of the Tier 1 capital allocated to this AA.

Investment opportunities are discussed under community profiles in the appendix section of this PE.

## **SERVICE TEST**

The bank's performance under the Service Test in the multi-state MA is rated: "High Satisfactory".

### **Retail Banking Services**

Refer to Table 15 in the Philadelphia MA 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.

SNB's delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area. The bank's distribution of the 17 branches in this assessment area is adequate. Branches are reasonably accessible to geographies and individuals of different income levels in its assessment area. There are no banking offices in low-income tracts, and there is only one (6%) in moderate-income tracts. Its distribution of branches in LMI geographies is well below the population that resides in those areas. During the evaluation period, SNB closed one middle-income branch location. The bank's branch hours and services do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and/or individuals. The branch locations are primarily tailored to commuting patterns and/or along major commuting thoroughfares. All of the offices offer extended and/or Saturday hours along with consistent products, services and hours as those operated in other census tracts. There are no noted material differences in services provided throughout the branch network.

### **Community Development Services**

Within the Philadelphia MA, SNB provides a high level of community development services based upon the opportunities available whereby the bank may assist in making a difference through its participation. This high level of participation had a positive impact on the overall service test rating. Bank officers and employees use their financial expertise and banking knowledge in assisting various organizations provide services and/or training to its constituents. Bank management activities in this area have focused on organizations that provide assistance to consumers and small business owners through educational programs and/or loans funds. The bank was active in approximately twenty such organizations within this AA. A sampling of such activities is as follows:

- A lending officer serves on the Board of Directors and Loan Committee of a Small Business Administration Micro Lender that primarily provides financing to LMI individuals for small businesses within the Camden, New Jersey area.

- A loan officer participated in a statewide program that assists LMI individuals in understanding business needs and how to operate a business, including obtaining financing. The organization provides training in various venues throughout the state of New Jersey.
- Members of bank management provide banking expertise to an organization in Camden County that assists primarily LMI individuals in obtaining housing subsidies and receiving financial and job training.
- A bank officer provided financial expertise through participation in several small business and minority entrepreneurial seminars held in conjunction with a local university small business development center. The focus here is for businesses to be started mainly in LMI areas.
- A bank officer is a board member of a local revolving loan fund. This fund is offered through the Salem County Department of Economic Development, which is a partnership formed with various Salem County banks and Rowan University Institute of Urban and Public Policy and Rural Development. Purpose is to support small business expansion in the county. The fund provides low cost loans to businesses for various purposes.

## State Rating State of Delaware

**CRA Rating for Delaware:** “Satisfactory”.

<b>The lending test is rated:</b>	<b>Outstanding</b>
<b>The investment test is rated:</b>	<b>High Satisfactory</b>
<b>The service test is rated:</b>	<b>Low Satisfactory</b>

**The major factors that support this rating include:**

- Excellent responsiveness to the AA’s small business and home mortgage lending needs;
- Excellent loan distribution among geographies and borrowers of different income levels for home mortgage products;
- Good distribution of small business loans throughout the various geographies and an adequate distribution of small business loans to borrowers of different sizes;
- Excellent level of community development loans that had had a positive impact on the lending test rating;
- A good level of qualified investments that are responsive to identified needs within the AA;
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA, and;
- CD services are poor.

### **Description of Institution’s Operations in 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.

SNB designates New Castle County, Delaware (“NCC”) as its assessment area, which is in the Wilmington-Newark Metropolitan Statistical Area. All of the bank’s eight offices are located in NCC. Five of the offices are located either in the City of Wilmington or adjacent Newark. There was no change in the branch structure since the last examination other than the merging of the separate Delaware bank into SNB. This is explained above. Overall, banking activities in this state provide approximately 7% of total deposits and 7% of total lending for the institution, as a whole. The AA contains 120 census tracts, of which 118 are populated. There are nine low-income, 23 moderate-income, 61 middle-income, 25 upper-income and 2 income not categorized census tracts in the assessment area. All low-income census tracts and nine of the 23 moderate-income census tracts are located in the city of Wilmington.

Total lending activity during the evaluation period is calculated to show a total of 264 loans amounting to \$24 million. Of this total, 64% of the total and 43% of the dollar amount are HMDA reportable credits. A majority (53%) of the commercial loans are to businesses with annual revenues of \$1 million or less. This market is very competitive with major institutions and credit card banks having a significant presence in the AA. This is in addition to several larger local institutions that also vie for business within NCC.

### **Scope of Evaluation in Delaware**

A full scope review was conducted of the Delaware AA. The state rating for Delaware is based upon the bank's performance in this AA.

Refer to Appendix C for discussion regarding community contacts. SNB's activities in this market were analyzed to derive at the state rating as well as factored into the overall bank rating.

Both small loans to businesses and HMDA reporting loans were equally factored into the rating based upon the bank's commercial lending activities and the dollar amount of HMDA loans made within this area. Refer to the tables in appendix A for additional information.

### **LENDING TEST**

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

The bank's performance under the lending test in the state of Delaware is rated "Outstanding", based on a full-scope review of SNB's activities within New Castle County.

#### **Lending Activity**

Refer to Tables 1 Lending Volume and 1-Other in appendix D under the Delaware AA for the facts and data used to evaluate the bank's lending activity.

SNB's lending activity is good in this AA. With \$118 million in deposits as of June 30, 2002, SNB has a deposit market share of 0.17% ranking it 23<sup>rd</sup> among deposit taking institutions within the AA. Principal competitors in this MMA are #1-MBNA America Bank, NA (3 offices/38% of deposits), #2-Chase Manhattan Bank USA, NA (2 offices 16% of deposits), #3 ING Bank, FSB (1 office/10% of deposits), and #4-First USA Bank, NA (1office/7% of deposits). Together, these four banks combine for 71% of the total deposits within the AA. In addition to deposits, lending competition is intense for both mortgage loans and small business loans with 394 local and national HMDA reporters and 113 CRA reporters identified in this assessment area. The bank ranked 96th in home purchase lending, 17th in home improvement lending and 184th in refinance lending. Market share for each of these products was less than 1%. For home purchase and refinance loans a nationwide mortgage company was ranked number one. SNB was ranked 30<sup>th</sup> in the number of small loans to businesses with market share of 0.2%.

During the evaluation period, SNB originated a total of 168 home mortgage loans totaling \$10.2 million in this AA. Home mortgage lending in this AA represents 7% of the number and 6% of

the dollar amount of the bank's overall home mortgage lending. Of the total number of home mortgage loans made in the AA, 26% were home purchase, 32% refinances, and 42% home improvement loans. No multifamily loans or loans to farms were originated in this MSA. Therefore no analysis of those loan types was conducted. Home mortgage lending represented 64% of the reportable loans for this assessment area. Loans to small businesses in the MSA represent the balance of the number.

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

### **Home Mortgage Loans**

Refer to Tables 2, 3 and 4, in the state of 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/purchases. As noted above, SNB did not make any multifamily loans within the AA, therefore no Table 5 is included in the appendix.

### **Home Mortgage Loans**

The geographic distribution of home mortgage loans is excellent in this AA. In virtually all of the categories of loans, i.e., home purchase, refinance and improvement, the percentage of those loans made in both low- and moderate-income geographies exceeded the percentage of owner occupied housing units. In one instance, the level of refinance loans in moderate-income areas virtually equals the level of owner occupied housing. Also, the market share in LMI geographies generally approximates the overall market share.

### **Small Loans to Businesses**

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

The geographic distribution of small loans to businesses made in the Delaware AA is good. The bank's percentage of small loans to businesses in low-income geographies is near to the percentage of businesses in those tracts and in moderate-income areas exceeds the percent of businesses located in those areas respectively. In addition, the bank's market share for loans made to businesses in the low-income geographies is exceeds the market, while in moderate-income areas performance is below the bank's overall market share.

SNB also made 2 small business loans secured by real estate amounting to \$170 thousand. This level of lending was not considered meaningful and therefore no analysis is conducted.

### **Lending Gap Analysis**

An analysis of SNB's home mortgage and small business patterns did not reveal any significant or unexplained gaps in the geographic distribution in this assessment area. Although there were a few LMI geographies where SNB did not originate either small business or mortgage loans, there were either none or a limited number of opportunities in those areas.

### **Inside/Outside Ratio**

This portion of the evaluation was performed at the bank level rather than at each AA. This analysis indicates the level of lending within all of the AAs on a consolidated basis. During the evaluation period, SNB originated a significant majority (87%) of the total loans under consideration within the AAs. SNB originated 94% of its HMDA related loans and 76% of its small business loans within the AAs. This analysis included all reportable loans originated by SNB only. No credits extended by any affiliate were considered due to the fact that no bank affiliate or subsidiary extend credit.

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

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 borrower distribution of home purchase lending is excellent. The percentage of lending to LMI borrowers greatly exceeded the percentage of such families. However, the bank's market share for to low-income borrowers is well below its overall market share and is also below its overall share to moderate-income borrowers. SNB's distribution of home improvement loans shows that the bank's performance to both low- and moderate-income borrowers greatly exceeded the level of families within those categories. In addition, the bank's market share of loans to low-income borrowers exceeded its overall market while it was below its overall market when lending to moderate-income borrowers. The bank's distribution of home refinance reveals that the bank's performance to both low- and moderate-income borrowers also greatly exceeded the level of families within those categories. In addition, the bank's market share of loans to LMI borrowers exceeded its overall market in lending to both in come categories.

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

The borrower distribution of small loans to businesses is adequate. Loans to small businesses (businesses with revenues of \$1 million or less) represent 53% of all small loans to businesses originated during then review period. This compares to 78% of all businesses in the AA being considered small businesses. The intense competition from many other lenders, as noted above, impacts the effectiveness of SNB in penetrating this market. However, the bank's market share of loans to small business slightly exceeds the overall market share of loans to small businesses. Additionally, over 88% of SNB's loans made had original amounts of \$250 thousand or less. This may also be considered indicative of the bank's ability to make smaller loans to businesses of all sizes within this AA.

SNB also made 2 small business loans secured by real estate amounting to \$170 thousand. This level of lending was not considered meaningful and therefore no analysis was conducted.

## **Community Development Lending**

Refer to Table 1 Lending Volume 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. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

During the review period SNB made two loans to a multi-bank community development corporation that serves, as a vehicle for community revitalization through addressing the housing needs of LMI individuals and areas in this AA. The total amount of the loans originated to this group was \$2.6 million representing 25% of the bank's Tier 1 capital allocated to this AA. This performance has a positive affect on the bank's lending rating. Included in loans under residential mortgages and small business loans analysis was an additional \$677 thousand in loans that have community development purposes.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the lending test conclusions for this assessment area. Aside from the bank-wide programs discussed above, SNB utilizes a flexible mortgage program in the City of Wilmington. The Wilmington Housing Partnership is a program that assists in providing down payment and settlement assistance to LMI borrowers. During the review period, SNB made nine loans totaling \$668 thousand under this program.

## **INVESTMENT TEST**

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

The bank's performance under the investment test in the state of Delaware is rated "High Satisfactory".

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

The level of qualified investments is good. During the review period, SNB originated only one qualified investment during the evaluation period totaling \$521 thousand. This investment is a mortgage-backed security and is not considered innovative or complex. The loans securing the investment were all made to LMI individuals on properties located within then AA. The dollar volume of the investments represents 5% of the bank's Tier 1 capital allocated to this AA.

The investment helps in meeting the identified need affordable home purchase and home improvement loans for low- and moderate-income individuals. It was also indicated that opportunities are limited due the large number of limited purpose and/or wholesale banks that fre very active in this area within the AA. This, along with presences by much larger local and multi-national banks within the AA makes competition for such investments intense.

## **SERVICE TEST**

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

The bank's performance under the service test in Delaware is "Low 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.

Delivery systems are accessible essentially to all geographies and individuals of different income levels in this AA. SNB operates 8 offices in this AA. During the evaluation period, no branches were opened or closed. The percentage of branches in low-income geographies greatly exceeds the demographics of the population residing in the geography. The two low-income branches (25%) greatly exceed the 4% of the population in those tracts. Also, the one office in a moderate tract (13%) is slightly below the level of the population residing in those tracts (17%).

Nearly all of the office locations are near the more populated urban areas as opposed to the rural agricultural areas of the AA. The population density is also centered within the major cities within the AA. All of the offices offer extended hours. However, only one offers a drive-in services. The remaining offices are located within urban settings where space for drive-in facilities is limited.

#### **Community Development Services**

Overall community development services are poor and warrant improvement. No community development services within this AA were reported or noted. While it is that opportunities may be limited due the large number of limited purpose and/or wholesale banks along with presences by much larger local and multi-national banks within this AA, efforts to locate opportunities need to be bolstered.

## **State Rating State of New Jersey**

**CRA Rating for State of New Jersey is: “ High Satisfactory”.**

<b>The lending test is rated:</b>	<b>High Satisfactory</b>
<b>The investment test is rated:</b>	<b>High Satisfactory</b>
<b>The service test is rated:</b>	<b>High Satisfactory</b>

**The major factors that support this rating include:**

- Good overall borrower distribution in the various AAs;
- Excellent geographic distribution of loans in the AAs, given the social and economic demographics of the AAs;
- A relatively high level of community development lending, primarily in the Atlantic/Cape May and Vineland AA, which positively impacted the lending rating;
- An adequate level of investments that are responsive to identified community needs,
- A high level of services related to community development services, and;
- Service delivery systems are accessible to geographies and individuals of different income levels in the AAs.

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

Refer to the market profiles for the AA’s that comprise the bank’s operations in New Jersey in appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

SNB operates 50 (68%) branches within New Jersey. The state of New Jersey contains a total of five assessment areas, exclusive of the Philadelphia multi-state MA, which is primarily comprised of operations within the New Jersey portion of the MA. (See separate analysis above of this MA.) Our analysis included full scope reviews of the Monmouth/Ocean, Vineland and Atlantic/Cape May AAs. These areas account for 63% of the bank’s deposits as of June 30, 2002 and 58% of its lending volume during the review period. Limited scope reviews were conducted for the Middlesex and Mercer AAs. These areas account for only 7% of deposits and 12% of loans during the same time period. Additionally, these areas contain 13 (18%) of the institution’s branches. Within these areas, SNB ranked 14<sup>th</sup> (1.4%) of deposit market share as of June 30, 2002. Major competitors are #1 Merrill Lynch Bank, (2 offices/19% of deposits), #2 Fleet National bank (192 offices/15% of deposits) and #3 Wachovia Bank, NA (130 offices/11% of deposits) and #4 PNC Bank, NA (84 offices/8% of deposits). In addition to deposits, these institutions are also strong rivals for loan business.

These areas contain a total of 588 census tracts and 1.1 million persons. The tracts are broken down as follows: 4% low, 17% moderate, 51% middle, 26% upper and 2% not classified. Several of the unclassified tracts contain state correctional facilities and/or recreational areas.

## **Scope of Evaluation in New Jersey 2**

We performed a full scope review of all of the above areas, except for the Middlesex and Mercer AAs. These latter areas only account for a small portion of the bank's activities at the present juncture. The remaining areas have historically been points of emphasis in SNB's activities.

Refer to the market profiles for each of the above areas in Appendix C detailing demographics and other performance context issues for the AAs receiving full scope reviews

## **LENDING TEST**

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

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

### **Lending Activity**

Refer to Tables 1 Lending Volume and 1-Other in appendix D for the facts and data used to evaluate the bank's lending activity.

### Vineland AA

This MSA is home to the bank's head office and is the seat of its overall operations. Mortgage related lending in this area amounted to 388 mortgage loans or 16% of the total number of such loans made over the review period and constituted \$20.1 million or 12% of the dollar amount. Broken down by number, home purchase loans were 35%, home improvement 34% and refinance loans 31%. The bank's record of lending is good. No multifamily loans were originated and therefore no analysis was conducted of this type of lending.

In the AA, SNB ranked 1<sup>st</sup> in deposit market share with 20% of deposits, with the second ranked bank accumulating 16% of the market. SNB ranked 8<sup>th</sup> with a 3% market share in overall HMDA related lending based on 2001 HMDA aggregation data. There are 203 reporting lenders in this AA. The leading lenders are large out-of-state mortgage companies or banks. The lenders ranked above SNB had market shares ranging from 4% to 8% indicating that the bank is competitive in this market.

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

In home purchase lending, SNB ranked 6<sup>th</sup> with a 3% market share based on the same aggregation data. Strong competition is provided by 122 reporting lenders within the market, including, several large nationwide lenders. The lenders above SNB had market shares ranging from 4% to 9%.

SNB ranked 1<sup>st</sup> in home improvement lending garnering a 12% share, with Fleet National Bank close behind at 10% market share. Competition is less intense with only 47 reporting lenders.

Home refinance analysis shows that SNB ranks 12<sup>th</sup> in the market with a 2% share. Competition is strong with 166 lenders, most of which are nationwide lenders who are very active in the area. The lenders ranked above SNB had market shares ranging from 2.3% to 9%.

Based upon 2001 CRA aggregating data, SNB ranked 13<sup>th</sup>, with a 2% share of the market for small business reporting lenders. The performance is good in light of strong competition from large national lenders that provide small business credit cards. The top five lenders, which include two local banks and three national credit card lenders, originated/purchased 60% of the number of loans. However, the average loan size for the local lenders was \$123 thousand versus \$3 thousand for the credit card issuers. SNB average loan size was \$137 thousand. By dollar amount, SNB ranks third in the market behind the two local banks.

#### Atlantic/Cape May AA

Mortgage related lending in this area amounted to 719 mortgage loans or 29% of the total number of such loans made over the review period and constituted \$45.5 million or 27% of the dollar amount. The bank's record of lending is good. Three multifamily loans were originated. These were the only multifamily loans originated during the review period. This is not a major lending product of the bank therefore no analysis was conducted of this type of lending.

In the AA, SNB ranked 4<sup>th</sup> in deposit market share with 8% of deposits. The banks ranked ahead of SNB accumulated 46% of the market. SNB ranked 25<sup>th</sup> with a 1% market share in overall HMDA related lending based on 2001 HMDA aggregation data. There are 412 reporting lenders in this AA. The leading lenders are large out-of-state mortgage companies or banks. The top five lenders had market shares ranging from 5% to 12%. This market is very competitive for overall home related lending.

In home purchase lending, SNB ranked 33rd with a 1% market share based on the same aggregation data. Strong competition is provided by 307 reporting lenders within the market, including, several large nationwide lenders. The top five lenders had market shares ranging from 3% to 13%.

SNB ranked 4th in home improvement lending garnering a 7% share. The three banks ranked ahead of SNB had market shares ranging from 12% to 18%. Competition is less intense with only 91 reporting lenders.

Home refinance analysis shows that SNB ranks 40<sup>th</sup> in the market with a 0.5% share. Competition is very strong with 320 lenders, most of which are nationwide lenders who are very active in the area. The top five lenders had market shares ranging from 4% to 9%.

Based upon 2001 CRA aggregating data, SNB ranked 15<sup>th</sup>, with a 2% share of the market for small business reporting lenders. The performance is good in light of strong competition from large national lenders that provide small business credit cards. The top five lenders are national credit card lenders, originated/purchased 61% of the number of loans. However, the average loan size for lenders was \$3.6 thousand. SNB average loan size was \$208 thousand, giving the bank a 9% market share by dollar amount.

### Monmouth/Ocean AA

Mortgage related lending in this area totaled 423 mortgage loans or 17% of the total number of such loans made over the review period and constituted \$32.2 million or 19% of the dollar amount. Broken down by number, home purchase loans were 28%, home improvement 38% and refinance loans 34%. The bank's record of lending is good. No multifamily loans were originated therefore no analysis was conducted of this type of lending.

In the AA, SNB ranked 14<sup>th</sup> in deposit market share with 1% of deposits. The top five banks, all substantially larger institutions, accumulated 62% of the market. SNB ranked 78<sup>th</sup> with a 0.2% market share in overall HMDA related lending based on 2001 HMDA aggregation data. There are 541 reporting lenders in this highly competitive AA. The leading lenders are large out-of-state mortgage companies or banks. The top five lenders had market shares ranging from 4% to 7%.

In home purchase lending, SNB ranked 85<sup>th</sup> with a 0.2% market share based on the same aggregation data. Strong competition is provided by a large number (409) of HMDA reporting lenders within the market. Included in this number are many large nationwide lenders. The top five lenders had market shares ranging from 4% to 8%.

SNB ranked 12<sup>th</sup> in home improvement lending garnering a 2% share. The top five ranked banks had market shares ranging from 8% to 13% and are all out of state headquartered lenders. Competition is slightly less intense with 136 reporting lenders.

Home refinance analysis shows that SNB ranks 114<sup>th</sup> in the market with a 0.1% share. Competition is very strong with 426 reporting lenders, most of which are nationwide lenders who are very active in the area.

Based upon 2001 CRA aggregating data, SNB ranked 28<sup>th</sup> with a 0.2% share of the market for small business reporting lenders. The performance is good in light of strong competition from large national lenders that provide small business credit cards and total reporting lenders of 107. The top five lenders, all national credit card lenders, originated as an aggregate 50% of the number of loans in that year. However, the average loan size for these lenders was \$4.6 thousand. SNB average loan size was \$264 thousand, giving the bank a 2% market share by dollar amount.

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

The overall geographic distribution of loans is good.

## **Home Mortgage Loans**

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

### Vineland AA

SNB's distribution of home mortgage loans within this AA is good given the demographics and competition within this area.

The distribution for home purchase loans is good. The percentage of lending in low-income geographies greatly exceeds the percentage of owner occupied housing in those census tracts. Even though the percentage of SNB's lending in the moderate-income tracts is below the level of owner occupied housing in those geographies. The market share in the low-income tracts greatly exceeds the bank's overall market share, while its share in moderate-income tracts basically equals the overall market share.

The bank's geographic distribution of home improvement loans is good, given the demographics and performance of its competition within this area. Four of the six moderate-income tracts located in this AA are within the Cumberland Empowerment Zone ("CEZ"), which is described more full in the Appendix. However, development in these areas is geared to commercial development thereby impacting the level of residential lending in these areas. The percentage of lending in low-income geographies exceeds the percentage of owner occupied housing in those census tracts. However, the percentage of SNB's lending in the moderate-income tracts is well below the level of owner occupied housing in those geographies. The tracts within the CEZ and the ongoing efforts to develop those areas impact this type of lending. The market shares in each of the LMI tracts are well below the overall market share.

The distribution for home refinance loans is good. The percentage of lending in low-income geographies greatly exceeds the percentage of owner occupied housing in those census tracts. Also, the percentage of SNB's lending in the moderate-income tracts is near to the level of owner occupied housing in those geographies. The market share in both the low-income and moderate-income tracts are below the overall market share, for the reason stated above.

### Atlantic/Cape May AA

SNB's distribution of home mortgage loans within this AA is good, given the demographics and competition within this area.

The distribution for home purchase loans is good. The percentage of lending in low-income geographies is below the percentage of owner occupied housing in those census tracts. The bank did not make any loans in low-income geographies. Most of the tracts are concentrated within Atlantic City, which has seen redevelopment of those tracts undertaken, by larger institutions and/or public entities. Opportunities for home purchase lending are limited. Due to the lack of loans in low-income areas, SNB's market share is below the overall market share. However, the percentage of SNB's lending in the moderate-income tracts greatly exceeds the level of owner

occupied housing in those geographies. The bank's market share in moderate-income tracts exceeds its overall market share.

The bank's geographic distribution of home improvement loans is good, given the demographics and performance of its competition within this area. The percentage of lending in low-income geographies is below the percentage of owner occupied housing in those census tracts. Also the percentage of SNB's lending in the moderate-income tracts is well below the level of owner occupied housing in those geographies. SNB's market shares in each of the low-income and moderate-income tracts exceed the overall market share. It should be noted that the larger institutions do most of the lending in the LMI tracts. Also, the Casino Redevelopment Commission ("CRC") continues to be the major player in developing most of the LMI areas within Atlantic City and the immediate surrounding area as part of its commitment to revitalize Atlantic City. Home improvement opportunities are then limited to existing housing stock, much of which is part of the revitalization efforts of the CRC. Based upon these factors, the bank's performance is good.

The distribution for home refinance loans is good. The percentage of lending in both the low- and moderate-income geographies nearly equals the percentage of owner occupied housing in those census tracts. However, the market share in both the low-income and moderate-income tracts exceeds the overall market share for those geographies.

#### Monmouth/Ocean AA

SNB's distribution of home mortgage loans within this AA is good, given the demographics and competition within this area.

The distribution for home purchase loans is excellent. The bank did not make any loans in low-income geographies due to reported limited opportunities and stiff competition from local and larger institutions. However, the percentage of SNB's lending in the moderate-income tracts is nearly double the level of owner occupied housing in those geographies thereby greatly exceeding that level. Due to no lending, the market share in the low-income tracts is below the bank's overall market share, while its share in moderate-income tracts closely equals its overall market share.

The bank's geographic distribution of home improvement loans is good, given the demographics and performance of its competition within this area. The bank did not make any loans in low-income geographies due to reported limited opportunities and stiff competition from local and larger institutions and limited home ownership. Of the nine low-income areas with this AA, only six have inhabitants (one of which is a senior citizen housing development) as the other are either industrial areas or military installations. However, the percentage of SNB's lending in the moderate-income tracts nearly equals the level of owner occupied housing in those geographies. The market share in the low-income tracts is below the bank's overall market share, while its share in moderate-income tracts exceeds the overall market share.

The distribution for home refinance loans is good. The percentage of lending in low-income geographies is below the percentage of owner occupied housing in those census tracts. The percentage of SNB's lending in the moderate-income tracts exceeds the level of owner occupied

housing in those geographies. SNB's market-share in both the low-income and moderate-income tracts exceeds its overall market share.

### **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/purchase of small loans to businesses. SNB also made 69 small business loans secured by real estate approximating a total of \$15 million throughout the three AAs. These loans were considered in the evaluation of the bank's performance within the appropriate AA.

Overall, geographic distribution of small loans to businesses is excellent.

#### Vineland AA

Distribution of business loans based upon geographic distribution within this AA is deemed to be excellent.

Within this area SNB originated 143 loans during the review period. The percentage of loans made in low-income geographies made by the bank is near to the percentage of loans located within those geographies. However, the level of loans made in moderate-income locations greatly exceeded the level of businesses in that geography. SNB's market share in both low- and moderate-income geographies significantly exceeded the bank's overall market share.

#### Atlantic/Cape May AA

Distribution of business loans based upon geographic distribution within this AA is excellent.

Within this area SNB originated 399 loans during the review period. The percentage of loans made in low-income geographies made by the bank slightly exceeded the percentage of loans located within those geographies. The level of loans made in moderate-income locations significantly exceeded the percentage of businesses located in that geography. SNB's market share in low-income areas greatly exceeded its overall market share. Loans in moderate-income geographies also exceeded the bank's overall market share.

#### Monmouth/Ocean AA

Distribution of business loans based upon geographic distribution within this AA is adequate.

Within this area SNB originated 169 loans during the review period. The percentage of loans made in low-income geographies made by the bank was well below the percentage of loans located within those geographies. However, the level of loans made in moderate-income locations greatly exceeded the level of businesses in that geography. SNB's market share in low-income areas was below its overall market share, while loans in moderate-income geographies exceeded the bank's overall market share.

## **Lending Gap Analysis**

Our analysis of the geographic distribution of loans made by the bank did not indicate any conspicuous or unexplained gaps in the lending patterns of SNB.

This portion of the evaluation was performed at the bank level rather than at each AA. This analysis indicates the level of lending within all of the AAs on a consolidated basis. During the evaluation period, SNB originated a significant majority (87%) of the total loans under consideration within the AAs. SNB originated 94% of its HMDA related loans and 76% of its small business loans within the AAs. This analysis included all reportable loans originated by SNB only. No credits extended by any affiliate were considered due to the fact that no bank affiliate or subsidiary extend credit.

## **Inside/Outside Ratio**

This portion of the evaluation was performed at the bank level rather than at each AA. This analysis indicates the level of lending within all of the AAs on a consolidated basis. During the evaluation period, SNB originated a significant majority (87%) of the total loans under consideration within the AAs. SNB originated 94% of its HMDA related loans and 76% of its small business loans within the AAs. This analysis included all reportable loans originated by SNB only. No credits extended by any affiliate were considered due to the fact that no bank affiliate or subsidiary extend credit.

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

### **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.

#### Vineland AA

The overall distribution of home mortgage loans based upon the income level of the borrowers is good based upon the competition, cost of housing and poverty levels within the AA. All of the low- and moderate-income families reside in either the cities of Vineland or Bridgeton. Low- and moderate-income families respectively comprise 21% and 17% of all families residing in the AA. Poverty level is also high with 13% of the households. Though the median value of housing approximates \$72 thousand, the ability to afford homes by these individuals is difficult.

SNB's distribution of home purchase loans is good. The percentage of lending to low-income families is below the level of families in this category. However, lending to moderate-income families greatly exceeds the level of families at this level within the AA. In addition, the market share to both low and moderate-income families exceeds SNB's overall market share.

SNB's distribution of home improvement loans is good. The percentage of lending to both low- and moderate-income families mirrors the bank's performance in home purchase lending. The

bank's market share to low income families is below its overall market share while lending to moderate-income families slightly exceeds the overall market share.

The bank's distribution of home refinance loans is good as it also mirrors the level of lending noted above. However, the bank's market share to both low- and moderate-income borrowers significantly exceeds its overall market share in each category.

#### Atlantic/Cape May AA

Distribution of home purchase loans in this AA is good. Level of loans made to low-income borrowers is well below the percentage of such families within this AA. This is partially due to the high poverty level and high unemployment in the Atlantic City area coupled with a relatively high level of housing costs and competition from other lenders. However, the bank's level of lending to moderate-income borrowers greatly exceeds the level of families at this income level.

SNB's distribution of home improvement loans is good and home refinance loans is adequate when considering performance context to low-income borrowers. For each of these types of lending the level of lending to low-income borrowers is below the percentage of families residing in the AA. However, the level of loans to moderate-income borrowers exceeds the level of moderate-income borrowers for home improvement loans and is below for home refinance loans.

As noted above, the primary reason for this performance is the reported lack of opportunities in these tracts due to the larger institutions generally doing most of the lending and the influence that the Casino Redevelopment Commission ("CRC") has on developing most of the LMI areas within Atlantic City and the immediate surrounding area. Home improvement opportunities are then limited to existing housing stock, much of which is part of the revitalization efforts of the CRC.

In each of the loan types above, the bank's market share in lending to LMI borrowers exceeds its overall market share.

#### Monmouth/Ocean AA

Distribution of home purchase loans in this AA is excellent. Total number of loans made to both LMI borrowers is well above the percentage of such families in each category within this AA. Additionally, SNB's market share in lending to both low- and moderate-income families is well above the percentage of families residing in the AA.

SNB's distribution of home improvement and home refinance loans is good when comparing the percentage of lending to both low-and moderate-income borrowers. For each of these types of lending the level of lending to low-income borrowers is below the percentage of families residing in the AA. However, the level of home improvement loans to moderate-income borrowers virtually equals the level of families in that category. Home refinance loans to moderate income families greatly exceeds the amount of families in that category

In each of the loan types above, the bank's market share in lending to LMI borrowers exceeds its overall market share.

### **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.

#### Vineland/Atlantic/Cape May and Monmouth/Ocean AAs

SNB's distribution of small loans to businesses is good in all three AAs, based on the limited business size data. Although the percentages of SNB's small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is below the percentage of small businesses in each of the AAs, a majority (53% in Vineland and 52% in Atlantic/Cape May and 57% in Monmouth/Ocean) of the bank's small loans to businesses regardless of revenue size were for \$100 thousand or less. An additional 20% of the loans, on average for each AA, were made in amounts between \$100 thousand and \$250 thousand. Also impacting this analysis is the fact that SNB had introduced a small business lending program that uses credit scoring to decision such loans. In this program, the revenues of the business are not considered in the decision process and therefore not collected for reporting purposes. It was noted that approximately 47% of the loans were approved using this process. As discussed below under Product Innovation, generally, businesses eligible for this process are those that have been in existence for at least two years, request loan amounts of up to \$50 thousand, possess a good credit history, are not specialty or high-risk entities, and proceeds are to be entirely used in the business. Originally, the maximum loan amount was set at \$35 thousand. This amount was raised to \$50 thousand in early 2003. The maximum loan amount may be used as a proxy to assume that a large portion, if not all, of the businesses using this product have annual revenues of less than \$1 million.

However, absent the income data, but using the loan size as a proxy, the bank's performance is deemed to be good.

As noted above, SNB also made 69 small business loans secured by real estate approximating a total of \$15 million throughout the three AAs. These loans were considered in the evaluation of the bank's performance within the appropriate AA.

### **Community Development Lending**

Refer to Table 1 Lending Volume 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. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

During the review period, SNB originated a total of five loans throughout the New Jersey AA that qualified as community development loans totaling \$11.5 million. The facilities were

primarily divided between the Vineland AA and the Atlantic City/Cape May AA. According to the community contact and discussions with the bank management, there are numerous opportunities for CD lending within the AA. Based on the level of CD lending, it appears that the bank is taking advantage of the opportunities available within the state. CD lending had a positive impact on the Lending Test conclusions for the Vineland and Atlantic/Cape May AAs and a neutral affect on the Monmouth/Ocean AA.

#### Atlantic/Cape May AA

SNB made a \$5.1 million construction loan was in conjunction with the Urban Enterprise Zone in Pleasantville, NJ and the NJEDA. This zone was set up to assist in revitalizing a moderate-income area. This loan is to construct a warehouse which is also be used as a retail furniture store as part of the overall revitalization initiative within Pleasantville. CD lending in this AA represents 14% of the Tier 1 capital allocated to this area.

#### Vineland AA

During the review period, the bank made several community development loans within this AA. These loans are:

- \$1.6 million loan was approved for construction/permanent financing of a new warehouse/retail outlet facility. This amount represents SNB's share of a NJEDA loans used to revitalize low and moderate-income areas of Vineland, NJ and provide jobs to primarily LMI individuals within the area.
- \$1.2 million share of a NJEDA sponsored loan to purchase commercial property within Vineland to provide office space, warehouse and employment opportunities for LMI individuals within the area.
- \$684 thousand to a non-profit organization that provides alternatives to LMI elderly people over institutional placement. Majority of the organization's revenues are derived from Medicaid payments. Services include residential housing to the developmentally disabled as well as other medical services.
- A \$2.5 million facility to an agency that is designated a Community Action Program for Cumberland County. This non-profit organization provides assistance to LMI individuals in the areas of job training, economic development, housing and day care, among its programs.
- Three loans totaling \$434 thousand were approved to a non-profit organization providing services to the autistic community. The programs serve primarily no-income adults with autism as well as school-aged children. These are to be used as working capital loans, capital improvements and vehicle purchase. The organization is funded by the NJ Department of Health and Human Services.

CD lending in this AA represents 17% of the Tier 1 capital allocated to this area.

In addition to the above, an additional \$2.5 million in loans were included under residential mortgages and small business loans analysis that have community development purposes. Some of these loans are described below under “Product Innovation and Flexibility”.

#### Monmouth/Ocean AA

No CD loans were presented for consideration within the Monmouth/Ocean AA.

#### **Product Innovation and Flexibility**

SNB has introduced a flexible small business loan product that is used throughout all of the AAs. This bank-wide product is discussed here. Products specific to certain areas will be discussed under the appropriate AA below.

The small business product eliminates a large amount of documentation requirements and provides for a faster decision process. SNB uses credit scoring to decide the requests for small business lending. This process has also had some impact on the bank’s CRA reporting since business size is not a decision factor. Therefore, this factor is not reported on loans originated using this process. Generally, businesses eligible for this process are those that have been in existence for at least two years, request loan amounts of up to \$50 thousand, possess a good credit history, are not specialty or high-risk entities, and proceeds are to be entirely used in the business. Originally, the maximum loan amount was set at \$35 thousand. This amount was raised to \$50 thousand in early 2003. Based upon this maximum loan amount, it is generally assumed that a large segment of the businesses using this product have annual revenues of less than \$1 million.

This program has been in existence for approximately two years and has met with success since its inception. In each of the full scope AAs below, an average of 45% of the loans originated during the review period did not have revenue data available indicating that this product is assisting in small business loans being made quicker and with less documentation requirements.

#### Vineland AA

Product innovation and flexibility had a neutral impact on the lending test conclusions for this assessment area. SNB also participates in the Home Ownership Opportunity Program with the City of Vineland Housing Authority. This residential mortgage program assists housing authority residents’ transition from public housing to new or rehabilitated housing within the City of Vineland. The loan program allows for below market rates, reduced points and fees as well as flexible underwriting. Home ownership counseling is also provided. During the review period, SNB originated fifteen loans under this program amounting to \$950 thousand.

Recently, SNB has committed to make available to first time homebuyer loans under a program in Millville, NJ. This program will also provide a silent 2<sup>nd</sup> mortgage of up to 20% by the Millville Housing Authority. Other features are reduced fees, points and interest rate. No loans have been made under this recently implemented program.

#### Atlantic City/Cape May AA

Recently, SNB has also committed to make available loans to first time homebuyers under a program offered through the Atlantic City Housing Authority & Urban Redevelopment Agency, Atlantic City, NJ. This program will also provide a silent 2<sup>nd</sup> mortgage of up to 50% by the Atlantic City Housing Authority. Other features are reduced fees, points and interest rate. No loans have been made under this recently implemented program.

#### Monmouth/Ocean AA

Aside from the bank-wide programs, there were no programs noted specific to this AA.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Mercer County and Middlesex AAs of New Jersey is weaker than the bank's overall performance under the lending test in New Jersey. Refer to Tables 1 to 13 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**

SNB's investments in each of the AAs within New Jersey consist solely of mortgage-backed securities purchased during the evaluation period. All of the loans securing the investments were to LMI individuals on properties located within the various AAs of the bank. These investments are not considered complex or innovative. However, these investments aid in addressing the stated need of assisting low – and moderate-income individuals purchase affordable housing in each of the AAs.

Overall, the bank's performance under the investment test in the state of New Jersey is good.

Performance in the Atlantic/Cape May AA is adequate. Total investments amounted to \$908 thousand or 2.3% of Tier 1 capital allocated to this AA.

The \$7.6 million in investments within the Monmouth/Ocean AA is considered excellent and represents 32% of allocated Tier 1 capital.

Performance in the Vineland AA is adequate as only \$273 thousand in qualifying investments were made during the review period. This amounts to only 0.9% of allocated Tier 1 capital. The investments of the type the bank invests in under this test were reportedly limited during the review period as the development emphasis has been placed on the enterprise zone and the attracting of business.

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.

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

Based on limited-scope reviews, the bank's performance under the investment test in both the Middlesex AA and the Mercer County AA exceeds the bank's overall good performance under the investment test in the state of New Jersey and had a positive impact on the overall investment rating. During the review period, SNB purchased eight mortgage-backed securities within its Mercer AA. In addition, the bank took a leadership role in developing a New Jersey Economic Development Agency bond issuance in the total amount of \$6.8 million (SNB share \$5.4 million) to assist a not for profit agency in Trenton. The total level of investments within the Mercer AA total \$6.7 million or 56% of the allocated Tier 1 capital. Total investments within the Middlesex AA totaled \$10.1 million or 224% of the allocated Tier 1 capital.

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

## **SERVICE TEST**

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

#### **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.

#### Vineland AA

Delivery systems are reasonably accessible to geographies and individuals of different income levels in this AA. SNB operates seven offices in this AA, including the bank's headquarters. During the evaluation period, one new branch was opened in a middle-income tract, with no offices closed. The percentage of branches in low-income geographies greatly exceeds the demographics of the population residing in the geography. One branch is located in a low-income geography and one is in a moderate-income area. This equates to 14% of the branches within the AA. This compares favorably to the 0.40% and 17% respectively of the population residing in LMI areas.

Nearly all of the office locations are near the more populated urban areas as opposed to the rural agricultural areas of the AA. The population density is also centered on the major cities within the AA. Nearly all of the offices offer extended hours and/or drive-in services. One of the facilities is strictly a drive-in with no lobby services, though offering extended and Saturday hours. Additionally, all of the remaining offices offers drive-in services, except for one located in a middle-income tract.

#### Atlantic/Cape May AA

Delivery systems are reasonably accessible to geographies and individuals of different income levels in this AA via its 16 branches. No branches were opened during the evaluation period and one in an upper income tract was closed. There are no offices located in the low-income geographies. However, only 3% (10, 000 persons) of the AA resides in these tracts. In data

received from recent community contacts as well as one conducted during the examination, the low-income geographies cannot adequately support a branch. The mass transportation system within the area assists in providing reasonable access to banking locations. In moderate-income tracts, SNB has two offices (13%), compared to 16% of the population in these tracts.

All of the offices offer drive-in facilities (one office is only a drive-in with no lobby in a middle-income tract) as well as extended evening and Saturday hours. Several of the offices also offer limited Sunday banking hours. The latter are located near the residential sections of the AA.

### Monmouth/Ocean AA

Delivery systems are reasonably accessible to geographies and individuals of different income levels in this AA via its 14 branches. No branches were opened or closed during the review period. There are no offices located in the low-income geographies. The mass transportation system within the area assists in providing reasonable access to banking locations. In moderate-income tracts, SNB has 4 offices (29%), compared to 21% of the population in these tracts.

Nearly all of the offices offer drive-in facilities. Two located within moderate tracts do not have drive-ins. This is due to the fact they are located in or near strip type shopping malls thereby making such facilities difficult to install. All of the sites offer extended evening and Saturday hours.

## **Community Development Services**

### Vineland AA

Within this AA, SNB provides a high level of community development services based upon the opportunities available whereby the bank may assist in making a difference through its participation in approximately 15 organizations. Bank officers and employees use their financial expertise and banking knowledge in assisting various organizations provide services and/or training to its constituents. Its numerous and frequent activities are primarily focused on consumer and small business owner education. The following are examples of community development services provided by SNB officers and employees.

- SNB services the local enterprise zone and empowerment zone loan programs on behalf of the cities of Vineland, Millville and Pleasantville for a total of \$40 million. Also, the bank manages the City of Bridgeton's enterprise zone small business loan portfolio. Total number of loans being serviced approximate 350.
- A senior bank lending officer is active on committees of several organizations within Vineland, NJ. These organizations serve various housing and business purposes targeting LMI areas/individuals. However, bank participation focuses on those activities that provide home ownership counseling to primarily LMI individuals.
- A bank officer serves on the board of an economic development entrepreneurial training program in Cumberland County. This is a statewide program held in various venues throughout the state of New Jersey. The program assists individuals in understanding the

business needs and how to operate a business, including obtaining financing. This program focuses on attracting LMI individuals in starting businesses.

### Atlantic/Cape May AA

Within this AA, SNB provides a relatively high level of community development services based upon the opportunities available whereby the bank may assist in making a difference through its participation in approximately 20 different organizations. The following are examples of community development services provided by SNB officers and employees.

- A bank loan officer assists in the administration of several loan funds through committee memberships. These funds assist small businesses in securing loans with emphasis on LMI areas or borrowers.
- A bank officer serves on the board of an economic development entrepreneurial training program in Cumberland County. This is a statewide program held in various venues throughout the state of New Jersey. The program assists individuals in understanding the business needs and how to operate a business, including obtaining financing. This program focuses on attracting LMI individuals in starting businesses.
- An Atlantic City based bank officer is a member of the local housing authority micro loan committee. The Micro Loan Program is a small business entrepreneurship opportunity to provide start-up funds for small businesses for low-income residents of the Atlantic City Housing Authority. Currently, the loan funding is provided through the organization's Comprehensive Grant Program.
- An Atlantic City based bank officer serves on a small business development center's board. The center provides entrepreneurs with practical information, skills and strategies that make measurable, positive impact on the performance of their businesses and by extension, on the communities in which they work. Assistance is offered by providing counseling, training and education to aspiring small business owners so that they can compete more effectively in the economy. This program centers on LMI areas and individuals.
- A bank credit officer assists in providing consumer credit counseling through a county-wide consumer credit counseling service. This organization provides guidance regarding proper money management and budgeting primarily to LMI individuals.

### Monmouth/Ocean AA

The bank did provide information on CD activities for this AA.

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

Based on limited-scope reviews, the bank's performance under the service test in the Middlesex MSA is below the bank's overall performance under the service test in the state of New Jersey. However, performance in the Mercer County AA is not inconsistent with the overall performance in the state. The bank used its expertise and took a leadership role in assisting a not-for-profit agency that assists LMI individuals in developing a bond issuance to assist in its

activities. The agency is located in Trenton. Refer to Table 15 in the state of New Jersey section of appendix D for the facts and data that support these conclusions.

- Within the Mercer AA, SNB has taken a leadership role in an economic development initiative in Trenton. The bank's chief executive officer is the chairman of the board of this organization and was instrumental in its establishment. This two-year old organization is comprised of eleven members representing various businesses having a presence in Mercer County, NJ. The goal of this private organization is to assist in the revitalization of Trenton, NJ through the development and redevelopment of LMI areas throughout the city.
- A senior bank officer is a board member of a consortium that includes business, labor, government and academic leaders dedicated to creating jobs, improving the economy and protecting the environment by improving the state's infrastructure and enabling it to meet the needs of a growing New Jersey. Emphasis is placed on LMI areas throughout the state.

**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): 1/1/2000 to 12/31/2002 Investment, Service Tests and CD Loans: 1/1/2000 to 4/28/03	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Sun National Bank Vineland, New Jersey	HMDA Reportable Loans, (home purchase, home improvement and home refinance loans), Small Business Loans, and CD Loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Med-Vine Inc.,	Subsidiary	Investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>Philadelphia MA (Multi-State MA)</b> Name of State(s) <b>Delaware</b> New Castle County <b>New Jersey</b> Vineland AA Atlantic/Cape May AA Monmouth/Ocean AA Mercer County AA Middlesex AA	Full-Scope  Full Scope  Full Scope Full Scope Full Scope Limited Scope Limited Scope	

**Appendix B: Summary of Multi-state Metropolitan Area and State Ratings**

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RATINGS      BANK NAME: <b>Sun National Bank</b>				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multi-state Rating
<b>Sun National Bank</b>	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Multi-state Metropolitan Area or State:				
<b>Philadelphia MA</b>	Low Satisfactory	Outstanding	High Satisfactory	Satisfactory
States:				
<b>Delaware</b>	Outstanding	High Satisfactory	Low Satisfactory	Satisfactory
<b>New Jersey</b>	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

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

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

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

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**State of New Jersey**

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Monmouth/Ocean AA ..... C-11

Atlantic/Cape May AA ..... C-13

## Philadelphia MA

Demographic Information for Full-Scope Area: Philadelphia Multi-state Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	680	13.97	22.94	43.09	16.76	3.24
Population by Geography	2,778,843	14.45	25.74	44.20	15.31	0.30
Owner-Occupied Housing by Geography	680,524	9.41	24.87	48.53	17.18	0
Businesses by Geography	162,179	13.35	21.78	41.07	22.59	1.22
Farms by Geography	1,990	2.51	8.54	58.59	30.25	0.10
Family Distribution by Income Level	695,320	26.34	19.41	23.53	30.73	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	318,085	22.33	33.62	37.85	6.21	0
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$41,908 = \$63,300 = 14.29%	Median Housing Value Unemployment Rate				= \$80,014 = 3.65%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

SNB's MMA includes portions of MSA 6160. The MMA includes all of the census tracts in Philadelphia County, Pennsylvania, the only county of the five Pennsylvania counties that compose that state's portion of the MMA. All of the New Jersey counties that comprise the entire New Jersey portion of the MMA, Camden, Burlington, Salem and Gloucester, make up the rest of the AA. There are ninety-five low-income tracts and one hundred moderate-income tracts within the MAA. Of these, 83% of the low tracts and 79 of the moderate tracts are located within the city of Philadelphia. There are several LMI (total of nine) tracts in New Jersey that are associated with military bases, namely Fort Dix and McGuire Air Force Base. SNB's AA evaluated as part of the multi-state MA includes 680 census tracts and 2.8 million persons. The income levels of the tracts are as follows: upper-income 17%, middle-income 43%, moderate-income 23% and low-income 14%. The median housing price is \$80 thousand, making affordability difficult for LMI individuals.

The lion's share of the bank's operations is in New Jersey where fifteen of the seventeen offices are situated. Since the last examination, SNB has still not become a major participant in the Philadelphia portion of the MAA, given the intense competition by long established and much larger banks in the City. SNB's level of coverage within the New Jersey portion remained unchanged, though a branch office was closed in a middle-income tract. With \$1.3 billion in deposits as of June 30, 2002, SNB has a market share of 0.4% market share within the MMA.

Principal competitors in this MMA are #1-Wachovia Bank, NA (246 offices/22% of deposits), #2-PNC Bank, NA (157 offices 12% share), #3 Citizens Bank (128 offices/10% of deposits), and #4-Commerce Bank, NA (40 offices/5% of deposits). Together, these four banks combine for nearly 50% of the total MMA. However, in the City of Philadelphia only, SNB's market share is 0.1%, while in New Jersey, its share is 1.9% ranking it 12<sup>th</sup>, behind #1 Commerce Bank, NA (25% share), #2 PNC Bank (13% share) and #3 Wachovia Bank, NA (12% share).

According to 1990 Census data, the median family income for the assessment area was \$41,908. In 2002, the adjusted annual median family income for the MA, as reported by the U.S. Department of Housing and Urban Development (HUD), increased to \$63,300.

Of the total number of families in the assessment area, 45% are designated as low- or moderate-income. Again, the majority of these families are within Philadelphia where low- and moderate-income families respectively are 35% and 21% compared to 16% and 17% in the New Jersey portion of the AA. Families living below the poverty level represented 14% of the total families in the assessment area. In Philadelphia, 19% of families live below the poverty level, while 7% of families in the state of New Jersey live below the poverty level.

The assessment area contains slightly above 1 million housing units, of which 61% are owner-occupied and 35% are rental units. In low- and moderate-income geographies, the level of owner-occupancy is 44%, while rental units account for 47% of all housing. Based on the 1990 Census, one-to-four family units comprise 82% of the housing units, while multi-family units comprise 16%.

The percentage of businesses located within designated geographies is used as a proxy to estimate demand for business credit within such geographies. According to business demographics, there are 46,972 businesses located in the bank's New Jersey portion of this assessment area. Of these businesses, 4,194, or 9%, are located in low- or moderate-income geographies. The substantial majority of businesses are located in middle- and upper-income geographies.

The city of Philadelphia, the fifth largest city in the nation, is faced with the same social and economic problems that challenge most urban centers. Manufacturing was Philadelphia's traditional economic base, however, due to plant closings in recent years, the majority of the local work force is now service-oriented, with healthcare being the most active segment of the economy. The economy of the metropolitan area is increasingly diverse, and not solely dependent on any one major industry or employer. The largest private-sector employers are the University of Pennsylvania, Jefferson Health Systems, Merck and Company, Tenet Healthcare Corporation, and The Vanguard Group of Investors. The banking environment in which SNB operates in is highly competitive and dominated by large regional banking organizations, mortgage companies and aggressive community banks.

Camden County is the largest of the three counties in the bank's New Jersey assessment area with a population of 509,350. Within the county is the city of Camden, considered one of the poorest cities in the nation. The city has 19 geographies, 18 of which are identified as low- or moderate-income, and 99% of the city's population resides within these geographies. According to 1990 census data, the median family income for the city was \$19,079 and, of the total number of families in the city, 75% are designated as low- or moderate-income. Families living below the poverty level represented 34% of total families. The city contains 29,446 housing units, of which 43% are owner-occupied and 46% are rental units. Two-to-four family units comprise 72% of the total housing units, while multi-family units comprise 17% and single-family units comprise 10% of housing units. About 11% of the housing units are vacant. The median housing value in the city of Camden is \$26,363.

The city 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 costs. 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.

Bright spots for Camden include the recent development of the Delaware River waterfront area that divides the cities of Camden and Philadelphia. Completed projects include the New Jersey State Aquarium, the Tweeter Entertainment Center and Campbell's Field.

The Philadelphia MA's economy has weakened recently and job losses continue in certain industries. Business services, manufacturing and transportation are posting the largest declines. However, the MA's labor force overall has continued to grow during the current downturn due to further expansion in the healthcare industries.

In February 2000, the Consumer and Community Affairs Department of the Federal Reserve Bank of Philadelphia published a report titled "Community Profile for Lenders: Burlington, Camden, Gloucester, and Salem Counties". The report provides information and insights into the perceived credit needs and opportunities in the New Jersey portion of the Philadelphia MA. Information in the report was obtained from interviews and contacts with bankers, community organizations, and local government officials. The report also includes pertinent demographic and economic data regarding the city of Camden. In the report, community leaders, when asked what credit needs existed in the assessment area, indicated a need for specialized home mortgage products targeted to low- and moderate-income first time homebuyers; affordable rental housing for families in urban areas; loans and technical support for small businesses; and financial support for commercial real estate development in the city of Camden.

Community contacts conducted with a local chapter of a national housing organization and a non-profit loan fund serving the City of Camden were done immediately prior to the commencement of this review. They indicated that continued efforts to revitalize the city are needed and stated that most financial institutions are doing what they can to help. It was noted that any revitalization of the city would require long-term commitments from various areas of the community. There are reportedly opportunities in Camden that are available for financial institutions to participate, either financially or through services.

## State of Delaware

### Sun NB - Delaware AA

Demographic Information for Limited Scope Area: Sun NB - Delaware AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	120	7.50	19.17	50.83	20.83	1.67
Population by Geography	441,946	3.86	16.80	53.87	25.47	0.00
Owner-Occupied Housing by Geography	112,040	1.76	14.19	55.36	28.69	0.00
Business by Geography	25,579	12.60	16.02	45.93	25.29	0.16
Farms by Geography	483	1.45	14.29	55.28	28.99	0.00
Family Distribution by Income Level	115,305	16.57	18.39	26.46	38.58	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	40,313	7.41	26.02	55.00	11.56	0.00
Median Family Income		44,332	Median Housing Value	\$119,531		
HUD Adjusted Median Family Income for 2002		75,900	Unemployment Rate (1990 US Census)	2.07%		
Households Below Poverty Level		7.61%				

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

Source: 1990 US Census and 2002 HUD updated MFI

Sun designates New Castle County, Delaware (NCC) as its assessment area, which is in the Wilmington-Newark Metropolitan Statistical Area (MSA). All of the bank's offices are located in NCC. The assessment area complies with CRA guidelines and does not arbitrarily exclude low and moderate-income areas. Based upon 1990 U.S. Census Bureau Data, NCC is the most densely populated county in Delaware with 441,946 people, or two-thirds of the state's population. Estimated 2000 census data indicates the population of NCC is now 500,265. Wilmington represents the largest city in NCC with a population of 71,529. The assessment area is in a primarily urban area of Delaware.

The assessment area (AA) contains 120 census tracts, of which 118 are populated. There are nine low-income, 23 moderate-income, 61 middle-income, 25 upper-income and 2 income not categorized census tracts in the assessment area. All low-income census tracts and nine of the 23 moderate-income census tracts are located in the city of Wilmington.

The 2002 HUD adjusted median family income for NCC is \$75,900. There are a total of 173,560 housing units in NCC, of which 95 percent are occupied and five percent are vacant. Seventy-seven percent are one-to-four family units and 20 percent are multifamily units. Sixty-five percent are owner-occupied and 30 percent are renter-occupied. NCC's weighted-average median housing value is \$119,531, and its weighted-average monthly gross rent is \$518. For the city of Wilmington, the weighted-average median housing value is \$87,873 and the weighted-average monthly gross rent is \$426.

A 1996 Delaware Statewide Housing Needs Assessment determined that approximately 2.5 percent of the housing stock in NCC was considered substandard. Wilmington was estimated to have 2,434 substandard units, or 8.4 percent of the total city housing stock. In addition, 14 percent of Wilmington's rental units were estimated to be substandard.

There is strong competition for community development deals in NCC due to the presence of several large credit card banks. There are no barriers to community development lending, services or investment in the assessment area. There are numerous community development organizations that have established good capacity.

The structure of Delaware's economy has undergone significant changes since 1990. Although the economy is still led by large companies in the chemical and automotive industries, there has been a marked diversification since 1990. Several high technology and research and development firms have been started in the State and together with the financial services industry are making a significant impact on the economy. The largest industrial sector in the state is the financial services industry followed by healthcare and education. The unemployment rate was 3.4 percent for the state of Delaware, below the U.S. rate of 5.7 percent. As of November 2002, the unemployment rate in New Castle County was 3.6 percent.

The assessment area is dominated by the City of Wilmington. It is the principal city in the AA as well as the largest city in the state. The city contains all of the low-income census tracts in the AA, all concentrated around the waterfront and downtown areas. The port itself is an "NA" income area. The bulk of the area is included in the city's Enterprise Community designation. Surrounding the low-income area is a semi-circular ring of moderate-income census tracts. The City of Wilmington contains nine of the MA's twenty-three moderate-income census tracts. The other large metropolitan area in the MA is Newark, the home of the University of Delaware. The southern portion of the county is more "rural" with some scattered small towns. Seven of SNB's offices are located within the greater Wilmington area or in the City of Newark.

The greater Wilmington area is considered a "corporate capital" because many nationally based corporations are either based there or have been incorporated there to take advantage of Delaware's liberal tax structure. Numerous banks or other financial institutions relocated to the area following the Financial Center Development Act of 1981. This was legislation that liberalized laws governing banks operating within the state.

The area has historically had a strong connection to the chemical, pharmaceutical, and petroleum industries. These companies were the major employers in the area and played a significant role in the area's socio-economic structure. As these companies downsized in the mid-1980's, the growth of the financial services industry helped to lessen the impact of the job losses. Currently, the financial services industry is the largest private sector employer followed by healthcare and education.

The Port of Wilmington is one of the "NA" census tracts. The Port is a full-service, deepwater port capable of handling all types of cargo. It has seven deepwater general cargo berths, a tanker berth and a floating berth. It also has an automobile berth. It has five separate warehouses and is considered the nation's largest dockside cold storage facility. It is the leading port for imports of fresh fruit, meat and fish, and orange juice concentrate. It is also a major import dock for Volkswagen, Audi, GM and Ford. The City and State have recently invested more than \$77 million in upgrades, new facilities, and warehouses.

Housing in the area appears to be relatively affordable. The National Association of Realtors website shows that in 2002, the median selling price of a home in the AA was \$150,000. This is well below comparable housing in other east coast metropolitan areas. With the HUD updated median family income at \$75,900, this housing cost appears affordable. The community contact indicated that affordable housing is needed for LMI households primarily for the state's growing Hispanic population.

Other identified needs include affordable home purchase and rehabilitation financing programs, financial counseling and affordable financing programs for small and minority owned businesses. Financing programs for redevelopment efforts in LMI areas was also mentioned as a need.

Immediately prior to the commencement of this review, we interviewed representatives from two community groups. One was an economic development organization and the other was with the Small Business Administration. In addition, we also reviewed two contacts that had been made with community groups in 2002. These discussions helped us to understand their perspectives on credit and community development needs within the assessment area as well as the perceived performance of various financial institutions operating within the assessment area. Based on these meetings and other sources, community development needs include: affordable housing for low- and moderate-income households, particularly the elderly and disabled on fixed incomes; affordable home purchase and home improvement loans for low- and moderate-income borrowers; counseling and education on homeownership, credit and personal finances; affordable loans and start-up capital for small businesses; and financing for redevelopment efforts in low- and moderate-income areas. It was indicated that opportunities are limited due the large number of limited purpose and/or wholesale banks along with presences by much larger local and multi-national banks within this AA. The competition for opportunities is intense and limits the bank's ability to participate in various activities. Despite this, it appears that the bank is actively seeking for opportunities.

# STATE OF NEW JERSEY

Institution ID: 10000018606 SUN NATIONAL BANK

## Sun NB-Vineland AA

Demographic Information for Full Scope Area: Sun NB-Vineland MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	3.45	20.69	62.07	13.79	0.00
Population by Geography	138,053	0.40	17.22	65.83	16.55	0.00
Owner-Occupied Housing by Geography	32,299	0.07	10.48	71.46	17.99	0.00
Business by Geography	5,671	7.02	15.29	60.82	16.88	0.00
Farms by Geography	228	1.75	3.07	78.07	17.11	0.00
Family Distribution by Income Level	35,383	21.12	17.29	22.82	38.77	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,591	0.69	25.38	61.95	11.98	0.00
Median Family Income		34,572	Median Housing Value		71,983	
HUD Adjusted Median Family Income for 2002		50,200	Unemployment Rate (1990 US Census)		3.54%	
Households Below Poverty Level		13.04%				

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

Source: 1990 US Census and 2002 HUD updated MFI

The Vineland-Millville-Bridgeton PMSA (“VAA”) consists of Cumberland County in its entirety. This area is located in the southwest region of New Jersey and is comprised of 29 census tracts. The majority of census tracts are located in Vineland (33%), Millville (17%) and Bridgeton (20%), as these cities present the principal centers of population (approximately 75%) and commerce in Cumberland County. While Bridgeton is more developed, Vineland and Millville have rural areas and open spaces as well as developed core areas. The VAA is comprised of one low-income (3%), six moderate-income (21%), eighteen middle-income (62%) and four (14%) upper-income census tracts. The one low-income, and two of the six moderate-income census tracts are located in Vineland. The remaining moderate-income tracts are located in Bridgeton. Four of the six moderate tracts are located within the Cumberland Empowerment Zone, which is described more fully below. However, development in these areas is geared to commercial development thereby impacting the level of residential lending in these areas.

This AA has a total population of approximately 138,000, with total families and households of 35,383 and 47,259, respectively. Approximately 21% of the families are low-income, 17 % moderate-income, 23% middle-income, and 39% upper-income. The median family income is \$34,572 with a HUD adjusted median family income of \$50,200. Households below the property level are 13%. There are 50,294 housing units within the AA, of which 64% are owner occupied, 30% rental occupied and 6% vacant. Median housing value for the AA is \$71,983. Employment within this county is centered within the glass, agriculture, textile and retail service industries.

County unemployment is 4.59% on a consolidated basis; however, unemployment in Vineland approximates 9%, which ranks among the highest in the state of New Jersey. The area economy continues to benefit from commercial development throughout Cumberland County. In addition the county is designated as an Empowerment Zone. It is anticipated that approximately \$250 million of federal funding will be directed to this area for economic development.

Identified needs are primarily housing related, including single family housing rehabilitation, home buyer assistance, rental assistance, rental rehabilitation, affordable housing construction in low- and moderate-income areas. There is also the need for economic development and assistance to support small business development, infrastructure improvement, lead paint abatement, and job creation for low-income individuals.

Competition within in the county is strong, and includes branches of interstate regional banking companies, local community banks and mortgage companies. According to June 30, 2002 FDIC data, SNB ranks first in deposit market share within the AA with a 20% share from its eight offices. Minotola National Bank (5 offices 16% share), Fleet National Bank (8 offices, 14% share) and Hudson United Bank (11 offices, 13% share) all provide stiff competition for loans and deposits.

Based on discussions with management, the bank's trade area has experienced economic decline during the past decade largely due to the closing of local clothing and glass factories.

During January of 1999, Cumberland County was awarded an "Empowerment Zone" (EZ) designation by the federal government. An EZ is an area considered in need of economic assistance. Cumberland County will receive \$230 million in federal aid over the next ten years. Specifically, \$100 million in grants and loans (\$10 million per year) and \$130 million in tax credits (\$13 million per year) will be received. Management is hopeful this new EZ designation will create numerous job opportunities and help turn around the local economy.

Major employers include Minots Foods, C. Pappas & Company, Bridgeton Hospital, Sunny Slope Farms, and both state and federal prisons located within the bank's assessment area.

Credit needs of the community were determined during this examination through discussions with management and by an interview with a local community group. Both indicated that primary credit needs are affordable housing loans that provide flexible underwriting standards and readily available small business loans.

Opportunities, though limited, for banks are available in the county, though there is competition from other financial institutions. The rural nature of the county is the primary factor for the limited and concentration of opportunities in the cities of Vineland and Millville.

**Sun NB-Monmouth/Ocean AA**

Demographic Information for Full Scope Area: Sun NB-Monmouth-Ocean						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	234	3.85	19.23	44.44	29.49	2.99
Population by Geography	986,327	2.14	21.19	46.97	29.54	0.16
Owner-Occupied Housing by Geography	282,989	1.02	23.04	46.18	29.76	0.00
Business by Geography	58,941	1.46	15.97	47.86	34.69	0.02
Farms by Geography	1,658	0.12	12.18	47.71	39.99	0.00
Family Distribution by Income Level	268,329	18.33	18.83	24.47	38.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	99,724	3.89	35.79	45.72	14.60	0.00
Median Family Income		46,616	Median Housing Value		164,255	
HUD Adjusted Median Family Income for 2002		69,900	Unemployment Rate (1990 US Census)		2.68%	
Households Below Poverty Level		5.88%				

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

Source: 1990 US Census and 2002 HUD updated MFI

The Monmouth-Ocean MSA # 5190 consists entirely of Monmouth and Ocean Counties in New Jersey. This assessment area as defined, which encompasses the entire MSA, is in compliance with the CRA regulation. There are no apparent gaps of coverage or exclusion of any low- or moderate-income census tracts within the AA. There are 234 census tracts within the assessment area consisting of 9 low-income tracts (4%), 45 moderate-income tracts (19%), 104 middle-income tracts (44%), 69 upper- income census tracts (30%) and 7 not rated (3%). According to 1990 census data, this area is comprised of 986 thousand people. Estimates, for 2002, show the population has increased by 16% to 1.2 million. The median family income is \$46,616. Owner occupied housing represents 65% of the housing stock and one-to-four family units total 85% of all housing structures. The weighted median average cost of housing is \$164 thousand as of the 1990 census data. The average housing costs, which have escalated in recent years to a now estimated \$252 thousand, serve as a hindrance for much of the LMI individuals to home ownership, without significant assistance.

The Monmouth-Ocean MSA (“MONOC”) economy experienced a slight decline in early 2002. However, the area has returned to a growth that slight outpaces the national average. Expansions in the service industry, wholesale and retail trade assisted in fueling these gains. The unemployment rate has also moved up from the 3.8% at the end of 2001 to 5.0% in 2002. Home construction has slowed from the rapid pace set in the late 1990s and early 2000s. However, rapid price appreciation continues. Recent public data shows Providence RI, Nassau-Suffolk NY, and Monmouth County NJ experiencing a 20%+ change in year-to-year prices. Only Sacramento and San Diego CA ranked higher with 26.7% and 26.6%, respectively. This pace has been experienced in this AA over the past several years along with an influx of people.

The slowing of construction is a result of the state government's initiative to limit sprawl in rural areas and channeling it back to cities and older suburbs. As part of this plan, the state government would encourage construction in the present densely populated coastal areas, targeting such areas in Monmouth County. However, it will actively discourage such development in inland areas and along the Ocean County coast.

Projections for economic growth in MONOC show an expected acceleration through 2003 and 2004 with employment gains exceeding both the state and national average. The major industries within this area continue to be trade, services, transportation/utilities and government. In the latter are government jobs related to the US military through employment at US Army Communications Electronics Command at Fort Monmouth and Naval Weapons Station Earle. The telecom industry had been an important growth driver in the area. MONOC is showing the same retrenchment in jobs as the national industry and this is expected to reflect an industry that will not have as significant growth through 2005 as other parts of the economy.

One to four family housing comprises the large majority of the housing type in the AA at 85% of all housing. Multifamily units aggregate only 12% of the housing type.

As noted, the primary businesses are trade and service related throughout the AA. A large majority of these businesses are small as 79% of those reporting have revenues of \$1 million or less. Of these entities, only 1% is in low-income geographies and 16% are in moderate-income areas. This distribution closely parallels the amount of low- and moderate-income localities within the AA.

Through outreach efforts, the bank identified the need to provide credit services that allow development and expansion of small businesses, which results in additional employment opportunities and economic stability within the assessment area. In addition, other banking needs of small business operators are addressed through Cash Management and Business Banker services offered by the bank.

During this examination, we held a discussion with one local non-profit affordable housing organization to help us determine the community credit and development needs in the AA. The contact identified affordable housing, rental housing, homeless shelters and financing opportunities for LMI individual's as primary CD needs.

Community contacts noted opportunities for bank investments to support affordable housing. SNB has been directly responsive to affordable housing needs through its investments in the New Jersey Housing & Mortgage Finance Agency issuances.

**Sun NB-Atlantic/Cape May AA**

Demographic Information for Full Scope Area: Sun NB-Atlantic/Cape May						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	94	4.26	19.15	56.38	17.02	3.19
Population by Geography	319,416	3.24	16.36	63.56	16.83	0.01
Owner-Occupied Housing by Geography	82,274	0.75	13.64	65.06	20.55	0.00
Business by Geography	20,536	0.88	17.33	62.68	19.01	0.11
Farms by Geography	552	0.18	9.60	75.36	14.86	0.00
Family Distribution by Income Level	83,111	18.11	19.24	24.17	38.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	31,042	5.07	23.00	61.63	10.30	0.00
Median Family Income		39,034	Median Housing Value		123,890	
HUD Adjusted Median Family Income for 2002		51,800	Unemployment Rate (1990 US Census)		3.13%	
Households Below Poverty Level		9.41%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 US Census and 2002 HUD updated MFI

This AA has sixteen branch offices. The AA consists of 26 contiguous census tracts within Atlantic and Cape May counties. Both counties are located within the Atlantic-Cape May Metropolitan Statistical Area (MSA 0560). Fifteen of the tracts (58%) are middle income with the remainder designated as upper income. The total population of the AA is approximately 93,000 persons. The 1990 MFI is \$39,034 and the 2002 HUD updated MFI is \$51,800. The breakdown of families within the AA shows 18% low-income, 19% moderate-income, 24% middle-income, 39% upper-income. This assessment area meets regulatory requirements and does arbitrarily exclude any low- or moderate-income areas.

This area is in close proximity to Atlantic City, NJ, which is home to many casinos. The casinos have brought about a rise in year round retail businesses as well as new housing. However, the main industry continues to be tourism. In this summer resort area, many businesses depend on a three to four month “season” to make their money. According to the community contact conducted during the examination, the primary identified credit need is lending to small businesses as well as smaller community development loans. These loans are needed to assist the local businesses in being competitive with the casino industry as well as possibly serve to reinforce the small business structure in the area. The Casino Redevelopment Authority is reportedly accomplishing the larger community development projects.

Based upon New Jersey Department of Labor data, overall economic conditions are good. Since 1999, most of this region’s new jobs were created in retail trade, services and construction areas. Retail trade benefited most from the many new establishments that opened. New jobs were scattered throughout the broad-based services division with notable increases in business (hotel-casino related) and engineering/accounting/management services. New employment opportunities are expected to come within the trade and services sectors. There are several developments expected to create significant numbers of year round jobs through early 2003.

These developments include construction of a large home improvement warehouse and a supermarket, along with continuing construction of new hotel-casinos, the Atlantic City Connector project and residential development.

As of January 2003, the area's unemployment rate was 9.1%, well above the state average of 5.9%.

A community contact was conducted as part of this review with a community action program located in Atlantic City. The executive director of this program indicated that credit needs of the community are being met, but that opportunities exist for more bank involvement in providing financial education for the local residents.

## Tables of Performance Data

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### Multistate Metropolitan Area

Philadelphia MA

### State of Delaware

### State of New Jersey

Vineland AA

Atlantic City/Cape May AA

Monmouth/Ocean AA

Mercer County AA

Middlesex AA

# Appendix D: Tables of Performance Data

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State of New Jersey ..... D-15

## Content of Standardized Tables

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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: 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. 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 with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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.

## Appendix D-4

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 with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Qualified Investments” column.

**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.

# PHILADELPHIA MULTI-STATE AREA

Institution ID: 10000018606 Sun National Bank

**Table 1. Lending Volume**

Lending Volume													Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002												
Assessment Area	% of Rated loans (#) in AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in AA***													
		#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)														
<b>Full Review:</b>																									
Philadelphia MA	100.0	604	46,725	262	50,946	3	475	1	500	870	98,646	100.0													

\*Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\*The evaluation period for Community Development Loans is From May 1, 2000 to April 25, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated area refers to either state, multi-state MA or institution, as appropriate.

Institution ID: 10000018606 Sun National Bank

**Table 1. Other Products**

Lending Volume													Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002												
Assessment Area	% of Rated loans (#) in AA*	Total Optional Loans		Small Business Real Estate Secured ***		Consumer Loans**		Letters of Credit		Total Reported Loans		% of Rated Area Deposits in AA***													
		#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)														
<b>Full Review:</b>																									
Philadelphia MA	100.0	12	2,080	12	2,080	0	0	0	0	12	2,080	100.0													

\*Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\*The evaluation period for Optional Product Loans is From January 1, 2000 to March 31, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated area refers to either state, multi-state MA or institution, as appropriate

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Purchase Loans															Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002														
	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	%Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp												
<b>Full Review:</b>																													
Philadelphia MA	243	100.0	9.41	0.82	24.87	4.94	48.53	69.14	17.18	25.10	0.14	0.00	0.09	0.20	0.09														

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Improvement Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	%Owner Occ Units***	% Bank Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Philadelphia MA	148	100.0	9.41	0.00	24.87	8.11	48.53	64.86	17.18	27.03	0.59	0.00	0.20	0.77	0.59						

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Mortgage Refinance Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	%Owner Occ Units***	% Bank Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Philadelphia MSA	213	100.0	9.41	0.94	24.87	1.88	48.53	67.61	17.18	29.58	0.16	0.05	0.01	0.22	0.15						

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

**Table 6. Geographic Distribution of Small Business Loans**

Geographic Distribution: Small Loans to Businesses												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Small Loans to Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	% Businesses***	% Bank Loans	% Businesses***	% BANK Loans	% Businesses***	% BANK Loans	% Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Philadelphia MA	262	100.0	13.35	1.92	21.78	10.73	41.07	54.79	22.59	32.57	0.22	0.18	0.06	0.25	0.32						

\* Based on 2001 Peer Small Business Data: US&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 (2002).

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Small Loans to Farms												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Small Loans to Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share by Geography *										
	#	% of Total**	% of Businesses***	% Bank Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Philadelphia MA	3	100.00	2.51	0.00	8.54	33.33	58.59	33.33	30.25	33.33	0.00	0.00	0.00	0.00	0.00	0.00					

\* Based on 2001 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2002).

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Purchase Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *										
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Philadelphia MA	243	100.0	26.34	16.02	19.41	26.84	23.53	23.38	30.73	33.77	0.17	0.13	0.16	0.17	0.20						

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 4.62% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Improvement Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *										
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Philadelphia MA	148	100.0	26.34	15.86	19.41	24.14	23.53	27.59	30.73	32.41	0.60	0.55	0.76	0.61	0.52						

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.71% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Mortgage Refinance Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *										
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Philadelphia MA	213	100.0	26.34	10.05	19.41	21.53	23.53	29.67	30.73	38.76	0.21	0.22	0.24	0.28	0.16						

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.32% of loans originated and purchased by BANK.

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

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

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Small Loans to Businesses										Geography: Sun National Bank			Evaluation Period: January 1, 2000 to December 31, 2002		
	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***	% of Bank Loans***	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Revenue \$1 million or less						
<b>Full Review:</b>															
Philadelphia MA	262	100.0	64.07	34.75	49.05	25.86	25.10	0.22	0.43						

\* Based on 2001 Peer Small Business Data: US&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 - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 45.36% of small loans to businesses originated and purchased by the bank.

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Small Loans to Farms										Geography: Sun National Bank			Evaluation Period: January 1, 2000 to December 31, 2002		
	Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share *							
	#	% of Total**	% of Farms***	% of Bank Loans***	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Revenue \$1 million or less						
<b>Full Review:</b>															
Philadelphia MA	3	100.00	89.50	100.00	33.33	66.67	0.00	0.00	0.00						

\* Based on 2001 Peer Small Business Data: US&PR.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Institution ID: 1000018606 Sun National Bank

**Table 14. Qualified Investments**

Qualified Investments	Geography: Sun National Bank				Evaluation Period: May 1, 2000 to April 25, 2003				
	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$ (000)	#	\$(000)	#	\$ (000)	% of Total \$'s	#	\$ (000)
<b>Full Review:</b>									
Philadelphia MA	0	0	13	4,625	13	4,625	100.0	0	0

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

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

Institution ID: 1000018606 Sun National Bank

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

Distribution of Branch Delivery System and Branch Openings/Closings Geography: Sun NB Evaluation Period: May 1, 2000-April 25, 2003																	
Assessment Area	Deposits % of rated Area Deposits in AA	Branches						Branch Openings/Closings						Population			
		# 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 Locations of Branches (+ or -)				% of Population Within each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Philadelphia MA	21.11	17	22.67	0.0	6.2	81.2	12.5	0	1	0	0	1	0	14.45	25.74	44.20	15.31

# STATE OF DELAWARE

Institution ID: 10000018606 Sun National Bank

**Table 1. Lending Volume**

Lending Volume													Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002												
Assessment Area	% of Rated loans (#) in AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in AA***													
		#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)														
<b>Full Review:</b>																									
Delaware	100.0	168	10,180	93	10,239	0	0	2	2,612	264	23,551	100.0													

\*Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.  
 \*\*The evaluation period for Community Development Loans is From May 1, 2000 to April 25, 2003.  
 \*\*\* Deposit Data as of June 30, 2002. Rated area refers to either state, multi-state MA or institution, as appropriate .

Institution ID: 10000018606 Sun National Bank

**Table 1. Other Products**

Lending Volume													Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002												
Assessment Area	% of Rated loans (#) in AA*	Total Optional Loans		Small Business Real Estate Secured ***		Consumer Loans**		Letters of Credit		Total Reported Loans		% of Rated Area Deposits in AA***													
		#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)														
<b>Full Review:</b>																									
Delaware	100.0	2	170	2	170	0	0	0	0	2	170	100.0													

\*Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.  
 \*\*The evaluation period for Optional Product Loans is From January 1, 2000 to March 31, 2003.  
 \*\*\* Deposit Data as of June 30, 2002. Rated area refers to either state, multi-state MA or institution, as appropriate

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Purchase Loans													Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002												
	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	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp								
<b>Full Review:</b>																									
Delaware	45	100.0	1.76	4.44	14.19	33.33	53.36	44.44	28.69	17.78	0.08	0.00	0.06	0.06	0.13										

Based on 2001 Peer Mortgage Data: Northeast Region.  
 \*\*\*Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Improvement Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	%Owner Occ Units***	% Bank Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Delaware	70	100.0	1.76	2.86	14.19	14.29	55.36	58.57	28.69	24.29	1.06	0.00	0.92	1.02	1.24						

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Mortgage Refinance Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	%Owner Occ Units***	% Bank Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Delaware	53	100.0	1.76	3.77	14.19	13.21	55.36	52.83	28.69	30.19	0.17	0.54	0.13	0.18	0.14						

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

**Table 6. Geographic Distribution of Small Business Loans**

Geographic Distribution: Small Loans to Businesses												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Small Loans to Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	% Businesses***	% Bank Loans	% Businesses***	% BANK Loans	% Businesses***	% BANK Loans	% Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Delaware	93	100.0	12.60	11.46	16.02	18.75	45.93	41.67	25.29	28.13	0.21	0.27	0.12	0.19	0.30						

\* Based on 2001 Peer Small Business Data: US&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 (2002).

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Purchase Loans															Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *													
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Delaware	45	100.0	16.57	29.27	18.39	29.27	26.46	19.51	38.58	21.95	0.07	0.00	0.03	0.04	0.17									

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 4.62% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Improvement Loans															Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *													
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Delaware	70	100.0	16.57	21.43	18.39	24.29	26.46	25.71	38.58	28.57	1.09	1.45	0.61	0.75	1.66									

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.71% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 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.

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Mortgage Refinance Loans															Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *													
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Delaware	53	100.0	16.57	26.92	18.39	34.62	26.46	13.46	38.58	25.00	0.20	0.45	0.33	0.12	0.10									

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.32% of loans originated and purchased by BANK.

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

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

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Small Loans to Businesses		Geography: Sun National Bank				Evaluation Period: January 1, 2000 to December 31, 2002			
	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***	% of Bank Loans***	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Revenue \$1 million or less
<b>Full Review:</b>									
Delaware	93	100.0	77.88	52.94	60.42	28.13	11.46	0.21	0.26

\* Based on 2001 Peer Small Business Data: US&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 - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 45.36% of small loans to businesses originated and purchased by the bank.

Institution ID: 10000018606 Sun National Bank

**Table 14. Qualified Investments**

Qualified Investments		Geography: Sun National Bank				Evaluation Period: May 1, 2000 to April 25, 2003			
	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000)	#	\$(000)	#	\$(000)	% of Total \$'s	#	\$(000)
<b>Full Review:</b>									
Delaware	0	0	1	521	1	521	100.0	0	0

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

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

Institution ID: 10000018606 Sun National Bank

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

Distribution of Branch Delivery System and Branch Openings/Closings																Geography: Sun NB				Evaluation Period: May 1, 2000-April 25, 2003			
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 Locations of Branches (+ or -)				% of Population Within each Geography								
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp						
<b>Full Review:</b>																							
Delaware	100.0	8	10.67	25.0	12.5	37.5	25.0	0	0	0	0	0	0	3.86	16.80	53.87	25.47						

# STATE OF NEW JERSEY

**Institution ID:** 10000018606 Sun National Bank

**Table 1. Lending Volume**

Lending Volume												
Geography: <b>Sun NB</b> Evaluation Period: January 1, 2000 to December 31, 2002												
Assessment Area	% of Rated loans (#) in AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in AA***
		#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	
<b>Full Review:</b>												
Atlantic/Cape May	44.72	719	45,464	399	65,907	2	205	2	5,754	1,112	117,330	23.60
Monmouth/Ocean	23.60	423	32,235	169	34,545	0	0	0	0	591	66,780	25.98
Vineland	21.16	388	20,190	140	23,680	0	0	3	5,334	531	49,204	32.92
<b>Limited Review:</b>												
Mercer County	7.25	105	10,536	77	17,675	0	0	0	0	182	28,211	12.60
Middlesex MSA	3.27	45	3,776	37	5,129	0	0	0	0	82	8,905	4.90

\*Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\*The evaluation period for Community Development Loans is from May 1, 2000 to April 25, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated area refers to either state, multi-state MA or institution, as appropriate.

**Institution ID:** 10000018606 Sun National Bank

**Table 1. Other Products**

Lending Volume												
Geography: <b>Sun NB</b> Evaluation Period: January 1, 2000 to December 31, 2002												
Assessment Area	% of Rated loans (#) in AA*	Total Optional Loans		Small Business Real Estate Secured ***		Consumer Loans**		Letters of Credit		Total Reported Loans		% of Rated Area Deposits in AA***
		#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	
<b>Full Review:</b>												
Atlantic/Cape May	35.14	26	4,592	26	4,592	0	0	1	205	27	4,997	23.60
Monmouth/Ocean	43.24	32	8,965	32	8,965	0	0	0	0	32	8,965	25.98
Vineland	14.86	11	1,356	11	1,356	0	0	0	0	11	1,356	32.92
<b>Limited Review:</b>												
Mercer County	5.41	4	742	4	742	0	0	0	0	4	742	12.60
Middlesex MSA	1.35	1	40	1	40	0	0	0	0	1	40	4.90

\*Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\*The evaluation period for Optional Product Loans is From January 1, 2000 to March 31, 2003.

\*\*\* Deposit Data as of June 30, 2002. Rated area refers to either state, multi-state MA or institution, as appropriate

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Purchase Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	%Owner Occ Units***	% Bank Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Atlantic/Cape May	263	47.30	0.75	0.00	13.64	22.05	65.06	59.70	20.55	18.25	0.79	0.00	1.18	0.60	1.34						
Monmouth/Ocean	118	21.22	1.02	0.00	23.04	40.68	46.18	45.76	29.76	13.56	0.15	0.00	0.28	0.16	0.06						
Vineland	137	24.64	0.07	4.38	10.48	8.03	71.46	64.96	17.99	22.63	2.63	6.25	2.59	2.38	3.24						
<b>Limited Review:</b>																					
Mercer County	21	3.78	3.12	9.52	12.89	9.52	49.99	23.81	34.00	57.14	0.08	1.92	0.16	0.03	0.07						
Middlesex MSA	17	3.06	0.57	0.00	6.61	0.00	58.29	29.41	34.54	70.59	0.02	0.00	0.00	0.01	0.05						

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Improvement Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *										
	#	% of Total**	%Owner Occ Units***	% Bank Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	%Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp						
<b>Full Review:</b>																					
Atlantic/Cape May	265	43.95	0.75	0.38	13.64	11.70	65.06	63.77	20.55	24.15	6.73	7.69	7.98	6.60	6.47						
Monmouth/Ocean	160	26.53	1.02	0.00	23.04	22.50	46.18	63.75	29.76	13.75	1.56	0.00	2.42	1.93	0.61						
Vineland	130	21.56	0.07	0.77	10.48	2.31	71.46	67.69	17.99	29.23	11.91	6.67	2.04	12.66	15.56						
<b>Limited Review:</b>																					
Mercer County	35	5.80	3.12	0.00	12.89	5.71	49.99	51.43	34.00	42.86	1.77	0.00	0.00	1.57	2.45						
Middlesex MSA	13	2.16	0.57	0.00	6.61	0.00	58.29	69.23	34.54	30.77	0.34	0.00	0.00	0.39	0.31						

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Home Mortgage Refinance Loans															Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002														
	Total Home Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *																		
	#	% of Total**	% Owner Occ Units***	% Bank Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp												
<b>Full Review:</b>																													
Atlantic/Cape May	188	36.29	0.75	1.60	13.64	12.77	65.06	72.34	20.55	13.30	0.50	2.50	0.85	0.48	0.37														
Monmouth/Ocean	145	27.99	1.02	0.69	23.04	26.90	46.18	58.62	29.76	13.79	0.11	0.38	0.16	0.14	0.05														
Vineland	121	23.36	0.07	1.65	10.48	9.92	71.46	61.98	17.99	26.45	2.27	0.00	1.75	2.14	2.87														
<b>Limited Review:</b>																													
Mercer County	49	9.46	3.12	0.00	12.89	8.16	49.99	38.78	34.00	53.06	0.10	0.00	0.41	0.07	0.10														
Middlesex MSA	15	2.90	0.57	0.00	6.61	6.67	58.29	53.33	34.54	40.00	0.01	0.00	0.00	0.01	0.02														

Based on 2001 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 10000018606 Sun National Bank

**Table 5. Geographic Distribution of Multi-Family Loans**

Geographic Distribution: Multi-Family Loans															Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002														
	Total Multi-Family Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *																		
	#	% of Total**	% of Multi-Family Units***	% Bank Loans	% of Multi-Family Units	% BANK Loans	% of Multi-Family Units	% BANK Loans	% of Multi-Family Units	% BANK Loans	% of Multi-Family Units	% BANK Loans	Overall	Low	Mod	Mid	Upp												
<b>Full Review:</b>																													
Atlantic/Cape May	3	100.00	7.76	0.00	30.42	0.00	51.16	66.67	10.66	33.33	7.89	0.00	0.00	16.67	33.33														
Monmouth/Ocean	0	0.00	5.69	0.00	33.30	0.00	46.54	0.00	14.47	0.00	0.00	0.00	0.00	0.00	0.00														
Vineland	0	0.00	0.27	0.00	28.21	0.00	52.34	0.00	19.17	0.00	0.00	0.00	0.00	0.00	0.00														
<b>Limited Review:</b>																													
Mercer County	0	0.00	8.36	0.00	15.48	0.00	52.82	0.00	23.34	0.00	0.00	0.00	0.00	0.00	0.00														
Middlesex MSA	0	0.00	4.52	0.00	19.69	0.00	60.85	0.00	14.94	0.00	0.00	0.00	0.00	0.00	0.00														

Based on 2001 Peer Mortgage Data: Northeast Region.

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

\*\*\* Percentage of the Multi-Family Units is the number of multi-family units in a particular geography divided by the number of multi-family units in the area based on 1990 Census information.

Institution ID: 10000018606 Sun National Bank

**Table 6. Geographic Distribution of Small Business Loans**

Geographic Distribution: Small Loans to Businesses												Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Small Loans to Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% Businesses* **	% Bank Loans	% Businesses* **	% BANK Loans	% Businesses* **	% BANK Loans	% Businesses* **	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Atlantic/Cape May	399	48.49	0.88	1.50	17.33	20.45	62.68	56.61	19.01	21.45	1.48	3.13	1.95	1.57	1.15	
Monmouth/Ocean	169	20.44	1.46	0.00	15.97	29.76	47.86	58.33	34.69	11.90	0.23	0.00	0.50	0.24	0.14	
Vineland	140	17.29	7.02	6.29	15.29	23.78	60.82	54.55	16.88	15.38	1.92	4.07	2.55	1.86	1.79	
<b>Limited Review</b>																
Mercer	77	9.31	7.45	6.58	10.04	18.42	18.42	44.58	37.92	38.16	0.24	0.97	0.32	0.16	0.26	
Middlesex	37	4.47	3.21	0.00	7.55	8.11	8.11	54.71	34.53	18.92	0.05	0.00	0.00	0.06	0.07	

\* Based on 2001 Peer Small Business Data: US&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 (2002).

Institution ID: 10000018606 Sun National Bank

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

Geographic Distribution: Small Loans to Farms												Geography: Sun NB Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Small Loans to Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% Farms***	% Bank Loans	% Farms***	% BANK Loans	% Farms***	% BANK Loans	% Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Atlantic/Cape May	2	100.00	0.18	0.00	9.60	50.00	75.36	0.00	14.86	50.00	0.00	0.00	0.00	0.00	0.00	
Monmouth/Ocean	0	0.00	0.12	0.00	12.18	0.00	47.71	0.00	39.99	0.00	0.00	0.00	0.00	0.00	0.00	
Vineland	0	0.00	1.75	0.00	3.07	0.00	78.07	0.00	17.11	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review</b>																
Mercer	0	0.00	2.13	0.00	3.99	0.00	47.07	0.00	47.07	0.00	0.00	0.00	0.00	0.00	0.00	
Middlesex	0	0.00	0.40	0.00	3.33	0.00	57.02	0.00	57.02	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2001 Peer Small Business Data: US&PR.  
 \*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.  
 \*\*\* Source Data - Dun and Bradstreet (2002).

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Purchase Loans															Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *													
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Atlantic/Cape May	263	47.30	18.11	4.72	19.24	24.80	24.17	24.80	38.48	45.67	0.93	1.21	1.30	0.95	0.79									
Monmouth/Ocean	118	21.22	18.33	29.57	18.83	24.35	24.47	24.35	38.37	21.74	0.19	0.95	0.19	0.19	0.09									
Vineland	137	24.63	21.12	9.30	17.29	31.01	22.82	31.78	38.77	27.91	3.09	4.59	4.37	1.87	2.82									
<b>Limited Review:</b>																								
Mercer County	21	3.78	18.87	21.05	18.20	36.84	24.03	15.79	38.90	26.32	0.08	0.00	0.15	0.13	0.04									
Middlesex MSA	17	3.06	14.07	62.50	18.71	18.75	26.64	12.50	40.58	6.25	0.02	0.00	0.05	0.04	0.00									

\* Based on 2001 Peer Mortgage Data: Northeast Region.  
 \*\* As a percentage of loans with borrower income information available. No information was available for 4.62% of loans originated and purchased by BANK.  
 \*\*\* Percentage of Families is based on the 1990 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.

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Improvement Loans															Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *													
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Atlantic/Cape May	265	43.95	18.11	9.27	19.24	18.15	24.17	22.78	38.48	49.81	6.93	9.46	7.87	7.13	6.31									
Monmouth/Ocean	160	26.53	18.33	6.96	18.83	18.99	24.47	29.75	38.37	44.30	1.62	1.73	1.66	2.07	1.35									
Vineland	130	21.56	21.12	6.25	17.29	22.66	22.82	35.16	38.77	35.94	12.79	8.57	14.46	15.67	10.67									
<b>Limited Review:</b>																								
Mercer County	35	5.80	18.87	11.76	18.20	20.59	24.03	23.53	38.90	44.12	1.86	1.20	1.74	1.61	2.18									
Middlesex MSA	13	2.16	14.07	23.08	18.71	23.08	26.64	15.38	40.58	38.46	0.36	0.93	0.54	0.00	0.41									

\* Based on 2001 Peer Mortgage Data: Northeast Region.  
 \*\* As a percentage of loans with borrower income information available. No information was available for 1.71% of loans originated and purchased by BANK.  
 \*\*\* Percentage of Families is based on the 1990 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.

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Home Mortgage Refinance Loans												Geography: Sun NB					Evaluation Period: January 1, 2000 to December 31, 2002				
	Total Home Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) *										
	#	% of Total**	% of Families***	% Bank Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	% of Families***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																					
Atlantic/Cape May	188	36.29	18.11	6.63	19.24	15.47	24.17	23.20	38.48	54.70	0.61	1.99	0.84	0.67	0.48						
Monmouth/Ocean	145	27.99	18.33	6.57	18.83	25.55	24.47	24.47	38.37	40.15	0.13	0.19	0.25	0.16	0.09						
Vineland	121	23.36	21.12	9.57	17.29	20.00	22.82	32.17	38.77	38.26	2.81	6.80	3.29	3.04	1.99						
<b>Limited Review:</b>																					
Mercer County	49	9.46	18.87	8.16	18.20	24.49	24.03	18.37	38.90	48.98	0.13	0.45	0.27	0.12	0.05						
Middlesex MSA	15	2.90	14.07	0.00	18.71	20.00	26.64	20.00	40.58	60.00	0.01	0.00	0.02	0.01	0.01						

\* Based on 2001 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.32% of loans originated and purchased by BANK.

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

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

Institution ID: 10000018606 Sun National Bank

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

Borrower Distribution: Small Loans to Businesses										Geography: Sun National Bank			Evaluation Period: January 1, 2000 to December 31, 2002			
	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***	% of Bank Loans***	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Revenue \$1 million or less							
<b>Full Review:</b>																
Atlantic/Cape May	399	48.72	80.09	40.06	53.37	22.44	24.19	1.48	2.71							
Monmouth/Ocean	169	20.09	78.95	40.43	51.48	21.30	27.22	0.23	0.38							
Vineland	140	17.38	80.87	30.33	56.64	16.78	26.57	1.92	3.24							
<b>Limited Review:</b>																
Mercer County	77	8.97	79.47	25.40	50.65	24.68	24.68	0.24	0.50							
Middlesex MSA	37	4.84	77.50	8.82	72.97	10.81	16.22	0.05	0.10							

\* Based on 2001 Peer Small Business Data: US&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 - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 45.36% of small loans to businesses originated and purchased by the bank.



<b>Full Review:</b>																	
Atlantic/Cape May	23.60	16	21.33	0.0	12.5	62.5	25.0	0	1	0	0	0	1-	3.24	16.36	63.56	16.83
Monmouth/Ocean	25.98	14	18.67	0.0	28.5	64.2	7.1	0	0	0	0	0	0	2.14	21.19	46.97	29.54
Vineland	32.92	7	9.33	14.2	14.2	57.1	14.2	1	0	0	0	1+	0	0.40	17.22	65.83	16.55
<b>Limited Review:</b>																	
Mercer County	12.60	9	12.00	11.1	11.1	33.3	44.4	2	0	0	0	0	2+	6.87	15.87	43.89	32.69
Middlesex MSA	4.90	4	5.33	0.0	0.0	50.0	50.0	1	0	0	0	1+	0	2.14	21.19	46.97	29.54