



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

March 3, 2008

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

First National Bank of Chester County  
Charter Number: 148

9 North High Street  
West Chester, PA 19380

Office of the Comptroller of the Currency

Eastern Pennsylvania Field Office  
3325 Street Road, Suite 120  
Bensalem, PA 19020

**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 First National Bank of Chester County with respect to the Lending, Investment, and Service Tests:

<b>Performance Levels</b>	First National Bank of Chester County Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	Excellent		
High Satisfactory			Good
Low Satisfactory		Adequate	
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending levels reflect a good responsiveness to assessment area community credit needs;
- A high percentage of home mortgage loans and small loans to businesses are made in the bank’s assessment areas;
- The distribution of home mortgage loans and small loans to businesses by income level of the geography is excellent;
- The distribution of home mortgage loans and small loans to businesses by income level of the borrower is excellent;
- The bank’s community development lending had a positive impact on the lending test rating;
- Product flexibility had a positive impact on the lending test rating;
- The bank made an adequate level of qualified community development investments, donations, and grants;
- Service delivery systems are accessible to individuals and geographies of different income levels in the assessment area;
- The bank provides a good level of community development services.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

The First National Bank of Chester County (FNBCC) is a \$911 million intrastate community bank headquartered in West Chester, Pennsylvania. FNBCC is wholly owned by First Chester County Corporation (FCCC), a bank holding company headquartered in West Chester, Pennsylvania with total assets of \$914 million as of December 31, 2007. FCCC is the sole shareholder of Turks Head Properties, Inc. and Turks Head II LLC. Each one serves the purpose of holding FNBCC's interests in and operating foreclosed real property until the properties are liquidated. Affiliates to FNBCC are First Chester County Capital Trust II and First Chester County Capital Trust III, which are special purpose statutory trusts created expressly for the issuance of preferred capital securities and investing proceeds in junior subordinated debentures of the Corporation. FNBCC has two wholly-owned subsidiaries, FNB Insurance Services, LLC, doing business as First National Financial Advisory Services (formerly, First National Wealth Advisory Services), and FNB Properties, LLC. First National Financial Advisory Services offers insurance, full-service brokerage, financial planning and mutual fund services. FNB Properties, LLC acts as property manager for the properties where the Bank's Lionville and New Garden branches are located. Subsidiary and affiliate activities were not considered in this evaluation and had no impact on the bank's capacity to lend or invest in its community.

As of March 3, 2008, FNBCC has twenty-one full service branches in Chester, Montgomery, and Delaware counties. Fourteen branches have Automated Teller Machines (ATMs), and eight offer drive-through services. In addition to the ATMs attached to the aforementioned branches, FNBCC has six stand alone ATMs. Fourteen branches have extended Friday evening hours, fourteen branches have Saturday hours, and four branches have Sunday hours. Since the last evaluation, FNBCC opened a loan production and wealth management office in Phoenixville, a supermarket branch in Phoenixville, a supermarket branch in Royersford, and a branch in Downingtown. With the opening of the Royersford branch, FNBCC expanded its assessment area to include the portion of Montgomery County that it could reasonably service. In addition, FNBCC closed its Coatesville branch, which was located in a moderate-income geography.

FNBCC is a full service commercial bank offering a broad range of retail banking, commercial banking, Internet banking, trust and investment management services, and insurance services to individuals, businesses, governmental entities, nonprofit organizations, and community service groups. Retail services include checking accounts, savings programs, money-market accounts, certificates of deposit, safe deposit facilities, consumer loan programs, residential mortgages, overdraft checking, automated tellers, and extended banking hours. Commercial services include revolving lines of credit, commercial mortgages, equipment leasing and letter of credit services. These retail and commercial banking activities are provided primarily to consumers and small to mid-sized companies within the Bank's market area. Lending services are focused on commercial, consumer, and real estate lending to local borrowers.

As of December 31, 2007, FNBCC had total assets of \$911 million and tier one capital of \$78 million. Net loans and leases totaled \$743 million and represents 82% of total assets. The loan portfolio mix is 40% commercial real estate, 35% residential real estate loans, 11% commercial and industrial loans, 8% construction loans, 3% agricultural loans, and 3% consumer and other loans.



Competition is strong and includes local community banks, regional banks, and larger national banks. FNBCC's primary competitors include GMAC Bank, Wachovia Bank, Citizens Bank of PA, Commerce Bank, and PNC Bank.

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

FNBCC's last Public Evaluation (PE) was dated May 23, 2005, and FNBCC was assigned an overall "Outstanding" rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of Community Development Loans, is January 1, 2005 through December 31, 2007. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses. For Community Development Loans (CD) and the Investment and Service Tests, the evaluation period is from May 24, 2005 through March 3, 2008.

There were a minimal number of agricultural loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. Similarly, there were a minimal number of multifamily loans originated or purchased during the evaluation period; therefore, an analysis would not be meaningful and was not performed. The Lending Tables for both small loans to farms and multifamily loans have been eliminated.

### Data Integrity

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

### Selection of Areas for Full-Scope Review

We conducted a full scope review of FNBCC's one Assessment Area (AA). Please refer to Appendix B for the market profile on the Philadelphia AA - MD 37964.

### Ratings

The bank's overall rating is based on the full-scope review of FNBCC's one AA. The Lending Test was weighted more heavily than the Investment and Service Tests. In evaluating the bank's lending performance, home mortgage loans received more weight than small loans to businesses. Approximately 61% of the loans originated were home mortgage loans, with small loans to businesses accounting for the remaining 39%. Additionally, greater weight is given to the borrower distribution in evaluating the bank's lending performance given there were no low-income geographies and there were a relatively small number of moderate-income geographies in the AA.

### Other

In conducting the assessment of the bank's performance, we contacted one economic development organization during the examination, and we reviewed a recent community contact with a local government organization. The economic development organization indicated there was a need for small business lending and affordable housing for low- and moderate-income individuals. The contact also stated that more bank participation is needed to help small businesses secure loans. The local government organization indicated there was

a need for more small business lending, affordable housing for low- and moderate-income individuals and families, and community services targeted to low- and moderate-income individuals and families. In particular, assistance with home rehabilitation, fair housing education, and job training for the homeless is needed. In addition, the contact stated there are multiple non-profit organizations in the community who would benefit from donations of funds, space, and volunteers.

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

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the Lending Test is rated Outstanding. Based on a full-scope review, the bank's performance in the Philadelphia AA - MD 37964 is excellent.

#### Lending Activity

Refer to Tables 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

FNBCC's overall lending activity is good, and the bank's lending levels reflect good responsiveness to the credit needs of the community.

During the evaluation period, approximately 61% of the total loans originated in the AA were home mortgage loans and 39% were small loans to businesses. Among home mortgage loan originations, approximately 43% were home mortgage refinance loans, 31% were home improvement loans, and 26% were home purchase loans.

As of June 30, 2007, FNBCC had a 1.79% deposit market share, ranking it 11<sup>th</sup> out of 73 institutions in the market. The 2006 market share data for all mortgage lending indicates FNBCC ranked 23<sup>rd</sup> out of 537 lenders with a market share of 1.01%. Based on the same 2006 market share data, FNBCC ranked 28<sup>th</sup> out of 398 lenders with a 0.56% market share in home purchase lending, 7<sup>th</sup> out of 188 lenders with a 3.15% market share in home improvement lending, and 24<sup>th</sup> out of 412 lenders with a 0.99% market share in home refinance lending. Based on the 2006 CRA aggregate data, FNBCC ranked 26<sup>th</sup> out of 143 lenders in the AA with a market share of 0.23% in small business lending. Although the bank's market share in home purchase, home refinance, and small business lending is below the bank's deposit market share in the AA, FNBCC's performance is good when considering all the lenders with greater market shares are significantly larger institutions.

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

The geographic distribution of FNBCC's home mortgage loans and small loans to businesses reflects an excellent penetration throughout the AA.

There were no low-income geographies in the AA; therefore, an analysis of FNBCC's distribution of home mortgage products and small business lending for low-income geographies would not be meaningful and was not performed. Home mortgage and small business lending opportunities are also somewhat limited in the moderate-income geographies. Of the 133,673 owner-occupied units in the AA, only 3,809 owner-occupied housing units were located in moderate-income geographies. Of the 35,807 small businesses,

only 1,698 were located in moderate-income geographies. Furthermore, FNBCC is competing with larger, nationwide mortgage lenders and larger, nationwide lenders who offer small business credit cards. The limited opportunities for home mortgage and small loans to business lending in moderate-income geographies and the strong competition from larger, nationwide lenders were considered in our geographic lending analysis.

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

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

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

The geographic distribution of home purchase lending is excellent. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. FNBCC's market share of home purchase loans in moderate-income geographies exceeds the bank's overall market share of home purchase loans in the AA.

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

The geographic distribution of home improvement lending is good. The percentage of home improvement loans made in moderate-income geographies is near to the percentage of owner-occupied housing units in these geographies. FNBCC's market share of home improvement loans in moderate-income geographies is somewhat lower than the bank's overall market share of home improvement loans in the AA. This performance is good considering the institutions ranked above FNBCC are primarily large, nationwide mortgage lenders.

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

The geographic distribution of home refinance lending is excellent. The percentage of home refinance loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in these geographies. FNBCC's market share of home refinance loans in moderate-income geographies is somewhat lower than the bank's overall market share of home refinance loans in the AA. This performance is excellent considering the institutions ranked above FNBCC are primarily large, nationwide mortgage lenders.

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

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

The geographic distribution of small loans to businesses is excellent. The percentage of FNBCC's small loans to businesses made in moderate-income geographies exceeds the percentage of businesses that are located in these geographies. FNBCC's market share of small loans to businesses in moderate-income geographies is somewhat lower than the bank's overall market share of small loans to businesses in the AA. This performance is excellent when considering the limited opportunities available and the strong competition from larger, nationwide financial institutions.

## ***Lending Gap Analysis***

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

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

FNBCC made a high percentage of its home mortgage loans and small loans to businesses within its AA. During the evaluation period, 88% of the number and 81% of the dollar amount of total home mortgage and small loans to businesses were within the bank's AA. For all home mortgage products, 88% of the number and 78% of the dollar amount were within the bank's AA. The number and dollar amount of home mortgage loans originated in the AA by product type are as follows: 78% of the number and 66% of the dollar amount of home purchase loans, 94% of the number and 93% of the dollar amount of home improvement loans, and 91% of the number and 90% of the dollar amount of home refinance loans. Regarding small loans to businesses, 88% of the number and 85% of the dollar amount of total small loans to businesses were made within the AA. This performance factored positively into the overall analysis of the geographic distribution of lending by income level of the geography.

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

The borrower distribution of FNBCC's home mortgage loans and small loans to small businesses reflects excellent dispersion among borrowers of different income levels.

In our analysis, we considered the lack of affordability for a low-income family to purchase a home. The average median housing value in the AA was \$185,564, and a low-income family earned less than \$34,600. This lack of affordability limits the opportunity for home purchase, home improvement, and home refinance lending to low-income families; therefore, we placed more emphasis on the moderate-income performance.

## ***Home Mortgage Loans***

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

## ***Home Purchase Lending***

The borrower distribution for home purchase lending is excellent. The percentage of home purchase loans made to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home purchase loans made to moderate-income borrowers exceeds the percentage of moderate-income borrowers in the AA. FNBCC's market share of home purchase loans to low-income borrowers exceeds the bank's overall market share of home purchase loans in the AA. FNBCC's market share of home purchase loans to moderate-income borrowers exceeds the bank's overall market share of home purchase loans in the AA.

***Home Improvement Lending***

The borrower distribution for home improvement lending is excellent. The percentage of home improvement loans made to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home improvement loans made to moderate-income borrowers exceeds the percentage of moderate-income borrowers in the AA. FNBCC’s market share of home improvement loans to low-income borrowers exceeds the bank’s overall market share of home improvement loans in the AA. FNBCC’s market share of home improvement loans to moderate-income borrowers exceeds the bank’s overall market share of home improvement loans in the AA.

***Home Refinance Lending***

The borrower distribution for home refinance lending is excellent. The percentage of home refinance loans made to low-income borrowers is somewhat lower than the percentage of low-income families in the AA. The percentage of home refinance loans made to moderate-income borrowers exceeds the percentage of moderate-income borrowers in the AA. FNBCC’s market share of home refinance loans to low-income borrowers exceeds the bank’s overall market share of home refinance loans in the AA. FNBCC’s market share of home refinance loans to moderate-income borrowers exceeds the bank’s overall market share of home refinance loans in the AA.

***Small Loans to Businesses***

Refer to Table 11 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank’s origination/purchase of small loans to businesses.

The borrower distribution of small loans to businesses is excellent, especially when considering the strong competition from larger, nationwide lenders who offer small business credit cards.

The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is near to the percentage of businesses in the AA. FNBCC’s market share of lending to small businesses exceeds the bank’s overall market share in the AA.

***Community Development Lending***

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank’s level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

CD lending had a positive impact on the Lending Test. FNBCC originated two CD loans totaling \$4.4 million during the evaluation period. FNBCC provided a \$1.5 million loan and a \$2.7 million loan to an organization for the purpose of acquiring and improving a commercial property. These loans were done in conjunction with the SBA 504 loan program, which is an economic development program of the U.S. Small Business Administration. As a result of these loans, this small business was able to create new jobs.



## Product Innovation and Flexibility

Product flexibility had a positive impact on the Lending Test conclusion. FNBCC offers loan products designed to increase the availability and affordability of housing for low- and moderate-income borrowers. The loans extended under these programs in the AA were HMDA reportable and, therefore, considered previously in this evaluation.

FNBCC's Community Homebuyers program is tailored for low- and moderate-income individuals. The Community Homebuyers program increases purchasing power by allowing higher loan-to-value ratios and by allowing a smaller portion of the down payment to come from the borrower's own funds and the remaining portion of the down payment to come from a gift, grant, or an unsecured loan. Borrower participation in an approved homeownership and personal finance educational program is required. During the evaluation period, FNBCC originated 62 loans totaling \$8.6 million to low- and moderate-income borrowers under this loan program.

FNBCC is a participating lender in the Pennsylvania Housing Finance Agency (PHFA) Keystone Home Loan Program. This is a first time homebuyers program with below market fixed rates for the purchase of a primary residence. Borrowers meeting certain credit restrictions only need to contribute a minimum of \$1 thousand or 2%, whichever is less, from their own funds and the balance of the required down payment can come from other eligible sources. While this loan program is not specifically designed for low- and moderate-income borrowers, the loan program does provide flexible down payment options that can assist low- and moderate-income borrowers purchase a home. During the evaluation period, FNBCC originated 43 loans totaling \$5.3 million to low- and moderate-income borrowers under this loan program.

FNBCC is a participating lender in the PHFA Keystone Home Loan Plus Program. This program is also available to first time homebuyers with below market fixed rates for the purchase of a primary residence. This program has lower income and purchase price restrictions than the PHFA Keystone Home Loan Program. Borrowers meeting certain credit restrictions only need to contribute a minimum of \$1 thousand or 2%, whichever is less, from their own funds and the balance of the required down payment can come from other eligible sources. In addition, the borrower's liquid assets after closing may not exceed \$5 thousand. During the evaluation period, FNBCC originated 13 loans totaling \$1.6 million to low- and moderate-income borrowers under this program.

FNBCC is a participating lender in the First Front Door Program. This is a grant program to assist homebuyers with down payment and closing costs to families with incomes below 80% of the area median income. This grant program is used in conjunction with the PHFA loan. For every \$1 dollar of funding provided by the borrower, they are provided with \$3 dollars in matching grant assistance for up to \$5 thousand. The loan is fully forgivable after five years. During the evaluation period, FNBCC originated 9 loans totaling \$44 thousand to low- and moderate-income borrowers under this program.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Philadelphia AA - MD 37964 is adequate.

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

FNBCC has an adequate level of qualified community development investments and donations in the Philadelphia AA - MD 37964, and the bank exhibits an adequate responsiveness to credit and community economic development needs in the AA.

We determined through our community contacts and internal research that investment opportunities exist, and there are multiple non-profit organizations in the community who would benefit from donations of funds.

When aggregated, FNBCC made 42 current investments and donations totaling \$328 thousand. In addition to current period donations, FNBCC has 5 prior period investments with a combined book value of \$703 thousand. These investments and donations are not considered innovative or complex in nature. The following is a discussion of FNBCC's current investments and donations and FNBCC's prior period investments.

During the prior evaluation period, FNBCC made a \$520 thousand equity investment commitment in a townhouse style housing development for domestic abuse victims who are single heads of households with children. The project, which is located in West Goshen, Chester County, contains 13 three-bedroom units. All of the units are occupied by qualified low-income individuals. The project qualifies for Federal low-income housing tax credits, and FNBCC is a 32.99% Limited Partner. FNBCC funded \$259 thousand during the current evaluation period. The prior period investment of \$261 thousand has a current book value of \$169 thousand.

During the current evaluation period, FNBCC made 41 donations for a total of \$69 thousand to 22 different organizations that provided affordable housing and community services to low- and moderate-income individuals in the AA.

In a prior evaluation period, FNBCC made an equity investment of \$702 thousand in a low-income housing project. This investment is still outstanding and has a current book value of \$47 thousand. The investment was used to convert an industrial factory into a 62 unit multi-family residential building for low-income elderly residents. This is also a HUD-approved Section 8 housing project.

In a prior evaluation period, FNBCC made an equity investment of \$834 thousand in a low-income housing project. This investment is still outstanding and has a current book value of \$151 thousand. The investment was used to convert a school building into 33 housing units for low-income elderly. This project qualifies for Federal low-income housing tax credits for equity investors.

In a prior period, FNBCC made an equity investment of \$814 thousand in a low-income housing project. This investment is still outstanding and has a current book value of \$303 thousand. The purpose of this investment was to renovate a building into 66 housing units for low-income and elderly residents. This renovation project is located in Coatesville, PA, and the project qualifies for Federal low-income housing tax credits for equity investors.

In July 1998, FNBCC made a \$100 thousand investment in a small business mezzanine loan fund. This investment is still outstanding and has a current book value of \$33 thousand. The investment is owned by several financial institutions, including FNBCC, and a not-for-profit economic development organization. This loan fund was created to stimulate economic growth by financing the gap between equity capital and conventional bank loans for small businesses located in Southeastern Pennsylvania, Delaware, and New Jersey.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Philadelphia AA - MD 37964 is good.

### **Retail Banking Services**

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

FNBCC's delivery systems are accessible to geographies and individuals of different income levels in the AA. FNBCC has twenty-one offices located throughout the AA. One branch is located in a moderate-income geography, fourteen branches are located in middle-income geographies, and six branches are located in upper-income geographies. The percentage of branches located in moderate-income geographies is near to the percentage of the population located in moderate-income geographies. While there is only one branch located in moderate-income geographies, FNBCC has three branches located in middle-income geographies and one branch located in an upper-income geography that are adjacent to or close to four of the moderate-income geographies in the AA. In addition to branches, FNBCC has twenty ATMs located in the AA. Fourteen of the ATMs are attached to the aforementioned branches, and six are stand alone ATMs.

FNBCC's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. During the evaluation period, FNBCC opened two branches in middle-income geographies, opened one branch in an upper-income geography, and closed one branch in a moderate-income geography. The closing of the Coatesville branch, which was located in a moderate-income geography, has not adversely affected the accessibility of its delivery systems because FNBCC opened a branch six miles from where the Coatesville branch was located; the new branch location is easily accessible by public transportation; and the new branch location offers ample customer parking, night depository services, drive-

through services and a drive-up ATM, which were not available at the Coatesville branch. In addition, FNbcc provides postage paid envelopes to the former Coatesville branch customers so they do not have to travel to the new Downingtown location to do their banking.

Hours and services do not vary in a way that inconveniences portions of the AA, particularly low- and moderate-income geographies and low- and moderate-income individuals. All twenty-one offices are considered full-service branches and offer a full line of traditional banking products. Eight branches have drive-through facilities, fourteen have extended Friday hours, fourteen have Saturday hours, and four have Sunday hours. There are six branches located in retirement communities, and these branches are primarily utilized by the residents of the retirement communities. These six branches offer limited hours and do not have drive-through facilities or ATMs.

Alternative delivery systems include telephone bank, which allows customers 24-hour access to accounts, products and rate information; "NetTeller Internet Banking Services" for FNbcc customers to bank online; and loan by phone, a program via which applicants may apply for consumer loans or obtain loan information over the phone. In addition, FNbcc offers low-cost checking products. Since the bank could not provide specific information on how low- and moderate-income individuals and geographies have benefited from these services, no weight was placed on alternative delivery systems when drawing Service Test conclusions.

## **Community Development Services**

FNbcc provides a good level of community development services within its AA. Bank management and employees provided financial and technical expertise to eight separate and qualified community development organizations. Their community development services focused on small business and economic development, affordable housing for low- and moderate-income individuals, and community services targeted to low- and moderate-income individuals. The following details the community development services that were provided during the evaluation period:

- Two members of management provide financial and technical expertise to a non-profit organization that provides affordable housing for low- and moderate-income individuals. Both members serve on the Board of Directors, and one person also serves as the Treasurer of the organization.
- One member of management provides financial and technical expertise by serving on the Board of Directors and the Loan Review Committee for a local non-profit economic development organization that provides low-interest financing, small business lending, and urban redevelopment.
- A member of management provides financial and technical expertise by serving on the Board of Directors for a local organization that provides housing and community services to homeless women who want to improve their lives and become self-sufficient. One of the organization's primary community service programs is teaching basic financial and budgeting skills as well as how to manage a checking account and the importance of saving for future expenses.

- A member of management provides financial and technical expertise by serving as Vice Chairman of the Board of Trustees for a local non-profit organization that provides free medical care to low-income families in the Philadelphia area.
- A member of management provides financial and technical expertise by serving on the Board of Directors for a local organization that provides community services to low-income individuals. In particular, this organization focuses on providing mentoring, educational scholarships, and enrichment programs for low-income Chester County high school students.
- One employee provides financial expertise by serving on the Board of Directors and by serving as the Treasurer for a local non-profit organization that provides healthcare primarily to low- and moderate-income individuals and families who are unable to afford medical treatment. This organization is dedicated to improving maternal and child health in Chester County through the collaborative efforts of individuals, providers, and policy makers.
- One employee provides financial expertise by serving as a member of a financial committee for a local organization that provides housing, counseling, and legal services to low- and moderate-income individuals and families who have experienced domestic violence and abuse.
- One employee provides financial expertise to a local organization that provides transitional housing and emergency family shelter to low- and moderate-income families. In particular, this employee provides financial budgeting and education to the individuals and families who utilize this organization's community services.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/05 to 12/31/07 Investment and Service Tests and CD Loans: 05/24/05 to 03/03/08	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Chester County (FNBCC) West Chester, PA	Home Mortgages, Small Loans to Businesses, Community Development Loans, Investments, Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Philadelphia AA - MD 37964	Full Scope	All of Chester County, 8 census tracts in Delaware County, and 4 census tracts in Montgomery County

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

### Philadelphia AA MD 37964

Demographic Information for Full-Scope Area: Philadelphia AA MD 37964						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	125	0.00	6.40	31.20	60.80	1.60
Population by Geography	482,460	0.00	4.90	25.10	69.33	0.67
Owner-Occupied Housing by Geography	133,673	0.00	2.85	23.54	73.61	0.00
Businesses by Geography	35,807	0.00	4.74	21.13	74.09	0.03
Farms by Geography	1,357	0.00	1.77	30.36	67.87	0.00
Family Distribution by Income Level	126,065	10.32	12.70	19.54	57.45	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	29,013	0.00	11.23	37.86	50.92	0.00
Median Family Income	= \$56,993	Median Housing Value		= \$185,564		
HUD Adjusted Median Family Income for 2007	= \$69,200	Unemployment Rate:				
Households Below the Poverty Level	=5%	Chester County		3.0%		
		Montgomery County		3.3%		
		Delaware County		3.8%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 U.S. Census, 2007 HUD updated MFI, and unemployment rates as of 12/31/07.

FNbcc's AA consists of a portion of the Philadelphia, PA MD 37964, which is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA 37980. The Philadelphia, PA MD 37964 includes Bucks, Chester, Delaware, Montgomery, and Philadelphia counties. FNbcc designated all 113 census tracts in Chester County, 8 of the 147 census tracts in Delaware County, and 4 of the 210 census tracts in Montgomery County. FNbcc designated only the portion of Delaware County and Montgomery County that it could reasonably service and that was contiguous to Chester County. In addition, Bucks County and Philadelphia County were excluded because FNbcc has no banking facilities in those counties.

The AA contains a total of 125 census tracts. There are no low-income geographies, 8 or 6.40% are moderate-income geographies, 39 or 31.20% are middle-income geographies, 76 or 60.80% are upper-income geographies, and 2 or 1.60% were not assigned an income classification. The assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas.

The 2000 U.S. Census reported the total population of the AA at 482,460. Within the AA, there were 126,065 families and 175,024 households. There were 181,404 housing units, of which, 74% are owner-occupied, 23% are rental-occupied, and 4% are vacant housing units. The median housing cost was \$185,564.

The 2000 median income was \$56,993, and the HUD updated MSA median family income was \$69,200. Approximately 10% of the families are low-income, 13% are moderate-income, 20% are middle-income, and 57% are upper-income. Approximately 5% of households are below the poverty level.

According to the 2007 business demographics, there are a total of 35,807 businesses in the AA. Approximately 68% of the businesses reporting have revenues less than \$1 million, approximately 8% have revenues greater than \$1 million, and the revenue was not reported for approximately 24% of the businesses. Approximately 5% of businesses are located in moderate-income geographies, 21% are located in middle-income geographies, and 74% are located in upper-income geographies.

As of June 30, 2007, FNBCC had a 1.79% market share, ranking it 11<sup>th</sup> among 73 institutions in the market. Major competitors were: GMAC Bank (14.58% market share, 1 office), Wachovia Bank, National Association (13.84% market share, 83 offices), Citizens Bank of PA (12.14% market share, 92 offices), Commerce Bank, National Association (9.17% market share, 46 offices), and PNC Bank, National Association (6.68% market share, 56 offices).

During the evaluation period, FNBCC closed the Coatesville Office, which was located in a moderate-income geography, and opened three branches. This increased FNBCC's branch network to 21 offices. There are 18 branches in Chester County, 2 in Delaware County, and 1 in Montgomery County. Eight of these branches have drive-through facilities, fourteen have ATMs, fourteen have extended Friday hours, fourteen have Saturday hours, and four have Sunday hours. In addition, FNBCC has six stand alone ATMs. All branches offer a full line of traditional banking products and services.

The current local economy for the AA is characterized as strong and expanding. Economic activity is relatively diverse, with services, retail trade, and manufacturing being the primary economic activities. The major employers for Chester County are: Vanguard Group, QVC, United States Government, Chester County, and Siemens Medical Solutions.

According to the Bureau of Labor Statistics, the December 31, 2007 unemployment rate for Chester County was 3.0%, the unemployment rate for Delaware County was 3.8%, and the unemployment rate for Montgomery County was 3.3%. The state unemployment rate was 4.4%, and the national unemployment rate was 5.0%

In conducting the assessment of the bank's performance, we contacted one economic development organization during the examination, and we reviewed a recent community contact with a local government organization. The economic development organization indicated there was a need for small business lending and affordable housing for low- and moderate-income individuals. The contact also stated that more bank participation is needed to help small businesses secure loans. The local government organization indicated there was a need for more small business lending, affordable housing for low- and moderate-income individuals and families, and community services targeted to low- and moderate-income individuals and families. In particular, assistance with home rehabilitation, fair housing education, and job training for the homeless is needed. In addition, the contact stated there are multiple non-profit organizations in the community who would benefit from donations of funds, space, and volunteers.



## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_\_ .12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

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

Market share information is presented based on the most recent aggregate market data available.

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

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

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

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

Table 1. Lending Volume

LENDING VOLUME		Geography: FNB CHESTER COUNTY						Evaluation Period: January 1, 2005 to December 31, 2007				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Philadelphia AA	100.00	1,062	142,749	670	128,366	0	0	2	4,355	1,734	275,470	100%

<sup>\*</sup> Loan Data as of December 31, 2007. Rated area refers to either the state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is May 24, 2005 to March 3, 2008.

<sup>\*\*\*</sup> Deposit Data as of June 30, 2007. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: FNB CHESTER COUNTY					Evaluation Period: January 1, 2005 to December 31, 2007					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Philadelphia AA	273	100.00	0.00	0.00	2.85	11.36	23.54	30.77	73.61	57.88	0.56	0.00	1.25	0.72	0.45	

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: FNB CHESTER COUNTY				Evaluation Period: January 1, 2005 to December 31, 2007				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Philadelphia AA	326	100.00	0.00	0.00	2.85	2.45	23.54	23.93	73.61	73.62	3.15	0.00	1.53	2.90	3.33					

\* Based on 2006 Peer Mortgage Data: EasternRegion.

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: FNB CHESTER COUNTY					Evaluation Period: January 1, 2005 to December 31, 2007			
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Philadelphia AA	454	100.00	0.00	0.00	2.85	3.74	23.54	17.84	73.61	78.41	0.99	0.00	0.44	0.58	1.20					

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: FNB CHESTER COUNTY				Evaluation Period: January 1, 2005 to December 31, 2007				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography									
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																				
Philadelphia AA	670	100.00	0.00	0.00	4.74	5.37	21.13	24.93	74.09	69.70	0.23	0.00	0.11	0.25	0.24					

\* Based on 2006 Peer Small Business Data: US.

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

\*\*\* Source Data - Dun and Bradstreet 2007.



Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: FNB CHESTER COUNTY					Evaluation Period: January 1, 2005 to December 31, 2007					Market Share				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Philadelphia AA	273	100.00	10.32	6.59	12.70	22.48	19.54	20.16	57.45	50.78	0.66	2.30	1.15	0.49	0.58	

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 5.5% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: FNB CHESTER COUNTY						Evaluation Period: January 1, 2005 to December 31, 2007							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families ***	% BANK****	% Families ***	% BANK****	% Families ***	% BANK****	% Families ***	% BANK****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia AA	326	100.00	10.32	6.17	12.70	15.74	19.54	21.30	57.45	56.79	3.23	3.27	4.70	3.26	2.88

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.6% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: FNB CHESTER COUNTY						Evaluation Period: January 1, 2005 to December 31, 2007							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia AA	454	100.00	10.32	6.70	12.70	18.48	19.54	21.48	57.45	53.35	1.15	2.20	1.20	0.99	1.15

\* Based on 2006 Peer Mortgage Data: Eastern Region.

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.6% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES      Geography: FNB CHESTER COUNTY      Evaluation Period: January 1, 2005 to December 31, 2007									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Philadelphia AA	670	100.00	67.95	66.87	54.93	20.45	24.63	0.23	0.47

\* Based on 2006 Peer Small Business Data: US.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B – 2007).

\*\*\*\* 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 7.01% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: FNB CHESTER COUNTY				Evaluation Period: May 24, 2005 to March 3, 2008			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Philadelphia AA	5	703	42	328	47	1,031	100%	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: FNB CHESTER COUNTY																	
Evaluation Period: May 24, 2005 to March 3, 2008																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Philadelphia AA	100%	21	100%	0.00	4.76	66.67	28.57	+3	-1		-1	+2	+1	0.00	4.90	25.10	69.33