

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

February 28, 2000

### Community Reinvestment Act Performance Evaluation

Commerce Bank/Pennsylvania, N.A.  
Charter Number: 18273

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**NOTE:** This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

<b>General Information</b> .....	1
<b>Definitions and Common Abbreviations</b> .....	2
<b>Overall CRA Rating</b> .....	5
<b>Description of Institution</b> .....	6
<b>Scope of Evaluation</b> .....	8
<b>Fair Lending Review</b> .....	10
<b>Conclusions with Respect to Performance Tests</b>	
Lending Test .....	11
Investment Test .....	15
Service Test.....	17
<b>Appendix A: Scope of Evaluation</b> .....	A-1
<b>Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews</b> .....	B-1
<b>Appendix C: Tables of Performance Data</b> .....	C-1

## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance **of Commerce Bank/Pennsylvania, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **February 28, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

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

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

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

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

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

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

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

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

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

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

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

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

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

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

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

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders=equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Overall CRA Rating

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

The following table indicates the performance level of **Commerce Bank/Pennsylvania, N.A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Commerce Bank/Pennsylvania, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
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:

- < An excellent distribution of home purchase loans across low- and moderate-income geographies
- < A good distribution of home mortgage products to borrowers of various incomes
- < An excellent level of community development lending
- < A good record of community development investments
- < Delivery systems are reasonably accessible to essentially all portions of the assessment area, and the bank offers a high level of community development services.

## Description of Institution

Commerce Bank/Pennsylvania, N.A. (CB/PA) is an intrastate bank headquartered in Philadelphia, PA. It is wholly owned by Commerce Bancorp, Inc., a \$6.6 billion holding company located in Cherry Hill, New Jersey. CB/PA has one operating subsidiary - SL Properties, a real estate subsidiary designed to hold OREO property. This subsidiary has no impact on the bank's capacity for community reinvestment. Other national banks owned by the holding company include Commerce Bank, N.A., headquartered in Cherry Hill, NJ; Commerce Bank/Shore, N.A., headquartered in Forked River, NJ; and Commerce Bank/Central, N.A. Headquartered in Flemington, NJ. The CRA exams for each of these banks were conducted simultaneously, and each bank received credit for all home mortgage loans originated by affiliates in the assessment area of the bank under review. No loans were doubled counted.

CB/PA provides a full range of retail and commercial services within a market area comprised of the five county Philadelphia MSA. The bank's branch network consists of 27 full service branch offices. Each location is equipped with drive-through and automatic teller machines (ATM's) facilities. There are also two remote ATM locations within center city Philadelphia. The bank's primary business includes community bank deposit and credit services.

As of December 31, 1999, CB/PA had total assets of \$999 million with net loans of \$335 million and investments of \$550 million. The loan portfolio mix is comprised of commercial real estate of \$109 million (32%), commercial loans of \$71 million (21%), residential mortgages, of \$53 million (16%) and consumer loans of \$106 million (31%). The balance sheet also reflects Tier 1 capital of \$61 million (Tier 1 leverage 6.03%). The bank's average loan-to-deposit ratio for the review period is 34.65%. Loans have been growing at a faster rate than deposits, however, with loan growth increasing by 125% during the 1998 and 1999, compared to 100% increase in deposits. As of June 30, 1999, CB/PA had deposits of \$782 million, the majority of which were concentrated in Delaware and Montgomery Counties, where the bank's deposit market share is fourth and eighteenth respectively. In Philadelphia County - by far the most populous county in the assessment area - the bank ranks seventeenth in market share, with less than 1% of the area's deposits.

There are no financial, legal or other matters that affect CB/PA's ability to help meet the credit needs of its assessment area.

CB/PA's competitors include area banks, S&Ls, and other financial institutions. Primary competitors include First Union, Mellon, and PNC.





## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The lending test portion of this CRA evaluation included a review of home purchase, home improvement and home refinance loans as well as community development loans and small business loans originated or purchased in 1998 and 1999. The service test and investment test portions of this CRA evaluation were limited to a review of the bank's products, services and investments from the date of the last exam, April 1, 1998 through the end of 1999. CB/PA's last CRA Public Evaluation, dated May 18, 1998, reviewed the bank's performance from January 1, 1996 to March 31, 1998. The bank was rated "Satisfactory".

The market share and peer lender comparisons contained in the lending test are based on the information contained in the aggregate HMDA and Small Business reports for 1998.

### Data Integrity

The loan data relied upon for this analysis were verified for accuracy. Information from the bank's 1998 and 1999 Home Mortgage Disclosure Act Loan Application Register was reviewed and tested for accuracy by comparing it to loan file data. The bank's CRA small business lending data were also verified for accuracy by comparing submission data to information contained in the loan files. Although some data integrity problems were discovered in the small business loan data, those errors were corrected and the corrected data was used for the purposes of this analysis.

### Selection of Areas for Full-Scope Review

CB/PA has one assessment area which consists of five Pennsylvania counties in their entirety - Philadelphia, Bucks, Montgomery, Delaware and Chester Counties. Each of these counties is located within MSA 6160. A full scope review was conducted in this assessment area and the CRA rating was based entirely on the bank's performance in these five counties.

### Other

As part of the joint CRA exams at the four affiliated Commerce Banks, several community organizations were contacted to determine area credit needs and identify opportunities for participation and investment by local banks. Contacts included: one community development organization organized to promote neighborhood economic growth through support of small businesses with a service

area of all of southern New Jersey and Southeastern Pennsylvania (with the exception of Philadelphia County); one community development organization headquartered in Philadelphia designed to increase financing opportunities for affordable housing in the City and all of southern and central New Jersey; one community organization serving the City of Trenton, NJ and surrounding areas which develops affordable housing and supports small businesses and neighborhood revitalization; and one New Jersey state-wide agency which acts as funding source to stimulate economic development activity in urban areas. Also considered were the findings of two community contacts conducted in the bank's assessment areas one month prior to the start of the Commerce Bank examinations. These included one Community Development Financial Institution providing funding to small businesses in the City of Camden, New Jersey, and one Philadelphia-based non profit organization operating a small business incubator providing low-income residents with entrepreneurial skills.

Provision of technical support and funding for small and start-up businesses was frequently cited as a pressing community credit need. Support for affordable housing development was also identified as a need. Commerce Bank was specifically cited as being very supportive by four of the six organizations interviewed. It was also noted that small business customers of Commerce have been very pleased with Commerce's expanded weekend hours at all of their branches and feel this sets Commerce apart from the competition in terms of accessibility. None of the organizations contacted had anything negative to say about Commerce Bank.

## **Fair Lending Review**

A review of the bank's home improvement loan product was conducted to test for compliance with the antidiscrimination laws. Home improvement loans were selected for review due to the bank's strong market performance with this product. A comparative file review was performed. The loan files of declined black and Hispanic applicants were compared to the files of approved white applicants in order to determine if the different outcomes were based upon illegal disparate treatment in the credit decisioning process. No evidence of illegal discrimination was found. The bank conducts fair lending training annually and regularly monitors its own performance to ensure compliance with antidiscrimination laws.

## **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 "high satisfactory". Based on the full-scope review of the bank's only assessment area (Philadelphia, Bucks, Chester, Delaware and Montgomery Counties), the bank's performance is good.

#### **Lending Activity**

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

The bank's level of lending activity is adequate. CB/PA is an active lender for both small business and mortgage loans in its assessment area, having originated a total of 3,288 loans for \$287 million during the review period. Most of these loans were mortgage loans (2,391). There were 884 small business loans and 13 community development loans. Home improvement loans comprise the largest number of mortgage loans, with 1,269 originations during the review period.

CB/PA captured two and a half percent of the market for home improvement loans, and it originated more than twice the number of home improvement loans than it did home purchase or refinance loans. It is the tenth most active home improvement lender in the assessment area, comparing favorably to its deposit market share of 17<sup>th</sup> in Philadelphia County, by far the most populous in the assessment area, where it has less than 1% of the deposits. CB/PA captured less than one percent of the market for both home purchase and home refinance loans.

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

##### ***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.

The distribution of CB/PA's home purchase loans by income level of geography is excellent. The distribution of home improvement loans is poor, and the distribution of home refinance loans is adequate.

The distribution of CB/PA's home mortgage loans exceeds the demographics for home purchase loans, but falls short of the assessment area demographics for other mortgage products. CB/PA exceeds the area's demographics in its home purchase loan distribution with 20% of those loans located in moderate-income geographies (compared to 18% of all owner occupied units located in those geographies) and 8% of its home purchase loans located in low-income geographies (compared to 6% of all owner occupied units located in those geographies). The bank's strong performance in home purchase lending is largely due to the success of its first step mortgage product, discussed further below. CB/PA originated 128 home purchase loans in low- and moderate-income geographies, totaling \$9.2 million, during the evaluation period. Its market share for home purchase loans overall is only 0.3%, yet it captured 1% of all loans in low-income areas. CB/PA's performance in the home improvement and refinance markets is not as strong as its home purchase lending record. Only 10% of its home improvement loans and 12% of its home refinance loans are in moderate-income tracts. One percent of its home improvement loans and 3% of its refinance loans were in low-income geographies. CB/PA is the tenth most active home improvement lender in the assessment area, capturing 2.6% of the overall market, but only 0.9% of the market in low-income tracts and 1.4% of the market in moderate-income tracts. Its overall market share for refinance loans is 0.4%, and remains fairly consistent across all geographic levels.

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

Refer to Table 5 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.

CB/PA's distribution of small loans to businesses by income level of geography is adequate. Four percent of the bank's small loans to businesses are located in low-income tracts, compared to 6% of all of the area's businesses being located in these tracts. Only 6% of the bank's small loans to businesses are located in moderate-income tracts, compared to 12% of all businesses in the assessment located in those tracts. By contrast, 64% of the bank's small loans to businesses were originated in upper income geographies, compared to only 40% of the assessment area's businesses located in those geographies.

### ***Small Loans to Farms - not applicable***

The assessment area is generally urban and suburban/rural with few farms. The bank did not originate or purchase any farm loans and community contacts did not reveal any needs for agricultural lending.

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

A review of lending patterns across the census tracts in the assessment area revealed no unexplained conspicuous gaps in the record of the bank's performance.

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

CB/PA's record of lending within its assessment area is excellent. Ninety-five percent of the number of home mortgage loans originated by CB/PA were located within the bank's assessment area - representing 90% of the dollars of home mortgage. This analysis included all HMDA reportable loans originated by CB/PA only, and does not include extensions of credit by affiliates. Ninety-four percent of the number and 92% of the dollar amount of small business loans originated by CB/PA were within its assessment area, again excluding affiliate activity.

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

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

Refer to Tables 7, 8 and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

CB/PA's distribution of home purchase loans, home improvement loans and home refinance loans by income level of the borrower is good. The distribution generally meets the demographics for moderate-income borrowers and falls short of the demographics for low-income borrowers. Although the distribution of loans is below the demographics for low-income borrowers, its market share for low-income borrowers matches its overall market share, with the exception of home improvement loans, where it is lower. Additionally, nearly 20% of the assessment area's population is either below the poverty level or receiving public assistance. The bank's market share for all mortgage products to moderate-income borrowers generally matches its market share to borrowers of middle and upper income borrowers, again with the exception of home improvement loans, where the bank's market share is more heavily weighted to upper income borrowers.

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

Refer to Table 10 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 distribution of the banks' small loans to businesses by income level of the borrower is good. Although the distribution falls short of the area's demographics, it exceeds the overall market performance in the assessment area. Seventy-two percent of the area's businesses have annual revenues of \$1 million or less. CB/PA originated 51% of its small loans to businesses with annual revenues of \$1 million or less, outperforming the general market record of 47% of all lenders' loans. The bank's market share of loans to businesses with annual revenues of less than \$1 million significantly exceeds its overall market share. Furthermore, 67% of the bank's small loans to businesses were for an original loan amount of \$100 thousand or less.

### **Community Development Lending**

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

CB/PA has an excellent record of community development lending, having originated 13 community development loans totaling \$10,678,000 during the evaluation period. Nine of these loans funded the construction or rehabilitation of affordable housing, including single family housing, rental housing, and healthcare residential facilities for low- and moderate-income individuals. Three of the loans supported services provided to low- and moderate-income people, including \$2 million in commercial financing for a non-profit which coordinates transportation services for medical purposes to low-income individuals unable to otherwise secure transportation, and funding of a homeless shelter in the City of Philadelphia.

### **Product Innovation and Flexibility**

In order to be responsive to the identified credit needs of low- and moderate-income first time home buyers, Commerce Bancorp developed its First Step Affordable Mortgage Program. This portfolio mortgage product features a below market rate of interest, fixed for 30 years, with no points, a discounted application fee, no private mortgage insurance for low-income borrowers, and flexible underwriting criteria. Across all of Commerce Bancorp's affiliated banks, over \$35 million in home purchase loans for first-time low- and moderate-income borrowers have been originated since the First Step program was initiated in 1994.





## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "high satisfactory". Based on the full-scope review of the bank's only assessment area (Philadelphia, Bucks, Chester, Delaware and Montgomery Counties) the bank's performance is good.

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

The total volume of qualifying investments made during the evaluation period is \$6,946,000. Qualifying investments made during the previous evaluation period and still outstanding increase total investments to \$7,446,000. As was confirmed by our outreach efforts, there is ample opportunity for investments both at the state and local levels in the assessment area.

All of the investments identified below are within the bank's assessment area(s) and were made during the current examination period, unless otherwise noted.

Of the total investments, approximately \$4.1 million represents mortgage-backed securities (MBS). The underlying mortgages which secure these MBS Investments were also originated by the bank for low- and moderate-income borrowers. Recent proposed regulatory guidance issued by the Federal Financial Institutions Examination Council indicates that these securities should not be given CRA investment test credit as the underlying originations have already received consideration under the lending test. Because the bank implemented this MBS investment strategy prior to the release of the proposed regulatory guidance, it will receive quantitative consideration during this review period. Therefore, although this investment has been included in Table 12, it has not been accorded significant weight in determining the bank's qualitative performance under the Investment Test.

Community contacts revealed needs for financing and technical support of small businesses, as well as needs for construction and rehabilitation of affordable housing. CB/PA has made numerous responsive investments in its community:

- Commerce Bank purchased a 99 percent interest in the Sharswood Associates, L.P. that will be used to purchase low-income housing tax credits for the project. The limited partnership will develop 71 units of affordable housing in North Central Philadelphia, a low-income area, all of which will be reserved for low-income persons or families earning less than 50 percent of

the median income. The bank will invest approximately \$6.6 million over the construction term and to-date \$1.9 million has been advanced.

- The Collaborative Lending Initiative received a \$250,000 investment from the bank for acquisition and construction for non-profit affordable housing projects in Philadelphia and southeastern Pennsylvania. Of this investment, \$200,000 originated prior to the current evaluation period and represents an extension of the original agreement. At renewal of the original investment, CB/PA increased its interests by \$50,000. CLI was designed to leverage DVCRF's resources with additional bank funds to provide construction financing for development of rental and for-sale affordable housing in Philadelphia and southeastern Pennsylvania.
- The bank renewed a previous five-year investment of \$50,000, and placed an additional \$50,000 (totaling \$100,000) at below market interest rates in the Delaware Valley Community Reinvestment Fund (DVCRF). The DVCRF utilizes investments to provide below market financing for non-profit community development corporations for development of affordable rental and for-sale housing. Additionally, the reinvestment fund provides financing for economic development initiatives in low-income communities throughout the Delaware Valley, focusing on projects that provide services to low-income persons or provide economic growth in low-income communities.
- Liberty Ventures I, L.P., a small business investment company (SBIC), received a \$667,000 ten-year investment from Commerce Bank. The SBIC provides venture capital to small businesses within the technology, telecommunications, healthcare, and specialty retail industries. The company invests in business located in New Jersey, eastern Pennsylvania, and Delaware. This includes a statewide region that is part of the bank's assessment area.
- The bank invested approximately \$4,105,000 in the purchase of mortgage backed securities created through collateralizing Commerce Bank's First Step Affordable Mortgage Portfolio. All of the underlying mortgages securing these loans were originated for low- and moderate-income borrowers within the bank's assessment area.
- Chester and Delaware County Small Business Micro Loan fund received an investment of \$50,000 for one year. The loan fund provides financing and technical assistance for start-up or existing small businesses that may not otherwise qualify for bank financing or government sponsored loan programs.
- Similarly, the bank provided a \$50,000 one-year investment to the

Montgomery County Small Business Micro Loan Fund. This fund also provides assistance for start-up and existing businesses that might not qualify

- for bank or government sponsored loan programs.

Also listed in Table 12 are numerous qualifying grants and donations to organizations that help provide economic development, affordable housing, and community services to low- and moderate- income individuals.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "low satisfactory". Based on the full-scope review of the bank's only assessment area (Philadelphia, Bucks, Chester, Delaware and Montgomery counties), the bank's performance is adequate.

### **Retail Banking Services**

Refer to Table 13 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.

Table 13 reflects the distribution of branches compared to the characteristics of tracts in the assessment area. The ratio of branches located in LMI tracts is low when compared to LMI population in the assessment area. Branch expansion during the evaluation period was limited to middle and upper income census tracts. The only low-income census tract branch location is in the University City area in west Philadelphia. In addition to servicing the university, area hospitals and other businesses, this branch has successfully drawn retail-banking customers from the extensive low and moderate-income residential communities surrounding it. Deposit source data developed by the bank demonstrates that the west Philadelphia branch serves a deposit customer base drawn from low- and moderate-income geographies throughout the city. The moderate-income branch is located in a residential neighborhood.

The bank's branch network is generally accessible to the most densely populated regions of the assessment area, although there are low- and moderate-income urban neighborhoods in Philadelphia and broad middle and upper income rural regions in the surrounding counties where the bank's branch network is not easily accessible. Eleven new branch openings during the evaluation period have

increased accessibility overall. Branch hours are extensive and a full range of bank services are available at all locations. The weekend branching hours in particular were commented upon positively by community contacts. There were no branch closings during the review period.

There are 27 branch locations reflecting an increase of 11 offices since the last examination. New branches were located in Philadelphia (2), Bucks (3), Chester (1), and Montgomery (5) counties. Three of the new branches are located in middle income census tracts while the remaining 8 offices are in upper income census tracts. Each branch has an ATM (University City office has 2) and all suburban locations are equipped with drive-through facilities. There are also two remote ATM locations. Five of the branches are in the City of Philadelphia, while the remaining 22 offices are located in the following suburban counties: Bucks (3), Chester (3), Delaware (7), and Montgomery (9). The bank has delineated a large assessment area and despite continued growth, portions of the area have limited bank presence. Philadelphia, the mostly densely populated county of the assessment, has the majority of area's LMI tracts. It is serviced by five offices that are located in the central, central/west, northwest and southern sections of the city. While the greatest expansion is noted in the suburban counties, there remain portions of the assessment area with limited access to the bank's services. As noted above, this a large assessment area and continued expansion by CB/PA will result in offices in a broader section of the assessment area, increasing access by all income levels of the population. All branches offer extended hours are open on Saturday and Sunday.

Traditional banking services are available to consumer and business customers at all branch locations. Deposit services are varied and range from low cost/minimum balance checking accounts for customers desiring basic services to checking accounts for customers over age 50. The bank offers a variety of personal, mortgage, home equity and credit card products, including programs to assist LMI borrowers with home ownership and improvement.

### **Community Development Services**

CB/PA provides a high level of community development services to a variety of organizations and initiatives within the assessment area. Bank officers have provided financial and technical expertise to various community service and development organizations through board membership, administrative, and advisory positions. Beneficiaries of the bank's community development services include affordable housing, business development activities, economic development initiatives, and community development services. Detailed below is a listing and description of the bank's participation in community development activities.

## **Affordable Housing**

- ACORN Bank Fair - Bank representatives provided financial information to low-income residents of Philadelphia and surrounding areas regarding homeownership financing activities. They have also served as instructors for affordable housing seminars at the Acorn's Bank Fair.
- Greater Philadelphia Urban Affairs Coalition (GPUAC)/Delaware Valley Housing Partnership (DVHP) - This organization includes government representatives, community-based organizations, and leading businesses and financial institutions in Philadelphia. GPUAC promotes affordable housing and economic development in the city's low-income communities. Commerce Bank's CRA Officer serves as a Director of the GPUAC and their Committee for Community and Economic Development. Two Community Mortgage Representatives serve on the Homebuyers Counseling Committee as instructors and bank liaisons for new counselors in training. Also included in this organization is the Homeownership Team. Through this division, the bank coordinates home purchase lending, home loan programs, and loan underwriting criteria. The Homeownership Team also provides training programs in conjunction with area non-profit organizations. The bank's CRA Officer serves on this committee.
- GPUAC Homeownership Counselor Sponsorship - CB/PA was the principal sponsor with this organization to train homeownership counselors. Graduation from this program increased homeownership counseling resources available to the area's low- and moderate-income residents.
- The Partnership CDC - The Partnership CDC provides homebuyer counseling services to low-and moderate-income residents of west Philadelphia. Two bank officers and the CRA Officer have provided their financial expertise by serving as instructors for this organization.

## **Small Business Development**

- SBA Small Business Support Center - The support center provides technical assistance to new and small businesses, with a focus on businesses based in the Philadelphia Empowerment Zones. The bank's CRA Officer serves on the organization's board of directors.
- Philadelphia Development Corporation Small Business Loan Fund - A bank officer serves on the Credit Committee of this small business loan fund. The organization provides technical assistance to start-up and relatively new

businesses, focusing on assisting new entrepreneurs in the city's low-income communities. Commerce also funds a pro-rata portion of each loan approved by the loan committee.

- Montgomery County Small Business Loan Fund - Commerce Bank/Pennsylvania serves as the lead bank for the loan fund. As such, the bank provides credit administration and loan accounting services for the fund. The bank's Small Business Administration loan officer serves on the fund's credit committee, prepares all documents for approved loans, and supervises loan closings. Annually, participating financial institutions provide grants to hire Partners for Small Business Development to assist in marketing the fund and providing borrowers with needed technical assistance.
- The City of Chester Small Business Loan Fund - Through this organization, in which CB/PA is a member, participating banks fund loans on a rotating basis. A bank loan officer participates as a member of the loan fund's credit committee. The bank also provides technical assistance support to the small business center in Chester. The City of Chester is the second largest low-income area in the bank's assessment area.
- Delaware County Chamber of Commerce - The chamber has a Small Business Committee which provides technical seminars instructing potential entrepreneurs on how to start their own businesses. A regional vice president serves on the Small Business Committee and provides this training.

### **Revitalization and Stabilization of LMI Geographies**

- Philadelphia Development Partnership - The CRA Officer for the bank serves on the Board of Directors and its Executive Committee. The organization's mission is to promote economic development in low- and moderate-income neighborhoods in Philadelphia.
- Delaware County Industrial Development Corporation - A regional vice president serves as a member of the board of directors and a member of the finance committee of this development corporation. Its purpose is to promote economic development within the county by financing small businesses. It acts as a conduit through which state and federally funded loan programs are granted.
- Delaware County Commerce Department - A regional vice president is chairman of the loan review committee. This organization promotes economic development in the county and provides seminars and training programs for

displaced workers. It also manages economic development loan programs for small businesses and the loan review committee reviews all tax-free economic development loans granted by the county.

- Universal Community Homes Small Business Support Center - CB/PA is providing financial support and technical assistance to the development of this center. The Universal Community Homes is building this center to promote economic revitalization in this low-income south Philadelphia.

### **Community Services**

- Temple University Financial Services Roundtable - A senior vice president from CB/PA served on this roundtable sponsored by Temple University. The purpose of this forum was to establish new relationships and techniques to address needed financial services in Philadelphia's underserved low- and moderate-income neighborhoods.



## 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.

<b>Time Period Reviewed</b>	Lending Test: January 1, 1998 to December 31, 1999 Investment Test: April 1, 1998 to December 31, 1999 Service Test: April 1, 1998 to December 31, 1999	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank/Pennsylvania, N.A. ("CB/PA") Philadelphia, Pennsylvania	Home purchase, home improvement, and home refinance loans. Small business and community development loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Commerce Bank, N.A. ("CBNA")	Affiliate	All HMDA reportable loans
Commerce Bank/Shore, N.A. ("CB/Shore")	Affiliate	All HMDA reportable loans
Commerce Bank/Central, N.A. ("CB/Central")	Affiliate	All HMDA reportable loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Philadelphia, Bucks, Chester, Delaware and Montgomery Counties in the Philadelphia MSA #6160	Full-Scope	

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

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### **Table of Contents**

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

Philadelphia, Bucks, Chester, Delaware and Montgomery Counties.....B-2

<b>Demographic Information for full scope Area ( MSA #6160)</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (CTs)	964	9	17	41	30	3
Population by CTs	3,728,909	9	19	42	28	0
Owner Occupied Housing by CTs	948,098	6	18	44	31	0
Businesses by CTs	141,253	6	12	42	40	0
Farms by CTs	3,109	1	5	48	47	0
Family Distribution by Income level	954,214	21	18	23	38	0
Distribution of LMI throughout assessment area	369,314	17	30	41	13	0
Median Family Income	\$41,908	Median Housing Value		\$107,640		
HUD Adj. Median Family Income	\$55,600	Unemployment Rate		3.7%*		
Households below poverty	11.18%					

Note: Percentages may not add to 100% due to rounding.

\*1999 data from the Bureau of Labor Statistics

CB/PA's assessment area consists of the five contiguous counties (Philadelphia, Bucks, Chester, Delaware, and Montgomery Counties) that comprise the Pennsylvania portion of the Philadelphia Metropolitan Statistical Area (MSA) #6160. This delineation contains a cross section of the very poor to the affluent. It contains varied housing types, employment opportunities, cultural representation and lifestyle issues typically associated with a large metropolitan city. The assessment area meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income (LMI) areas. The assessment area has a total of 964 census tracts (CTs).

As detailed in the table above, more than 3.7 million people reside within the bank's assessment area. LMI census tracts comprise 26% of this total. The majority of the LMI tracts are located in Philadelphia and the City of Chester. While Philadelphia remains the center of the assessment area for employment, it continues to suffer from suburban flight. Suburban areas continue to expand. Suburban areas also compete with Philadelphia for quality of life issues including

superior school districts, shopping, and safer neighborhoods. Over the past four decades, Philadelphia has lost over 25% of its population. Many of the manufacturing and industrial businesses once located in close proximity to Philadelphia have either closed or migrated to other geographic areas impacting the city's economic base and middle class residents. The City of Chester has also been plagued by a severe decline in its economic base. This decline has resulted in high unemployment rates and a reduction in the number of local and small businesses.

The credit needs of the assessment area varies by county. Affordable housing remains a credit need of the overall assessment area, however numerous programs exist to address this problem. Management believes small business loans are a primary credit need, especially in LMI areas. This includes support for entrepreneurial training/development and credit history remediation for small business operators to enhance their ability to borrow. Community outreach conducted in conjunction with this examination also identified small business loans as a primary credit need of the assessment area.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the **Abank@** include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - 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 rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also compares the bank's percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's assessment area to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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. The table also compares the bank's percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's assessment area to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/assessment area. The table also presents data on branch openings and closings in each MSA/assessment area.
- Table 14. 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 the population 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 MSA/assessment area.



**Table 1. Lending Volume**

LENDING VOLUME													State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	% of Rated Area Deposits in MSA/assessment area*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans(#) in MSA/assessment area				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)					
Full-Scope:																
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	100	2391	147272	884	129224	0	0	13	10678	3288	287174	100				

\* Deposit data as of June 30, 1999.

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

Geographic Distribution: HOME PURCHASE																	State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase 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	#	% of Total **				
Full-Scope:																				
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	6	8	18	20	44	29	31	41	67	0.3	1	0.4	0.2	0.2	449	100				

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME IMPROVEMENT																	State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement 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	#	% of Total **				
Full-Scope:																				
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	6	1	18	10	44	36	31	53	10	2.6	0.9	1.4	2	4.2	1269	100				

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE																	State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance 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	#	% of Total **				
Full-Scope:																				
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	6	3	18	12	44	31	31	54	62	0.4	0.3	0.4	0.3	0.6	671	100				

(\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES																	State Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans					
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	6	4	12	6	42	25	40	64	13	1.5	1.3	0.9	0.9	2.2	884	100				

(\*) Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: SMALL LOANS TO FARMS																	State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans					
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA				

(\*) Based on 1998 Aggregate Small Farm Data only. Market rank is for all income categories combined.

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

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

Borrower Distribution: HOME PURCHASE																	State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans					
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***				
Full-Scope:																				
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	21	11	18	20	23	23	38	45	74	0.3	0.3	0.3	0.3	0.4	449	100				

(\*) As a percentage of loans with borrower income information available.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Borrower Distribution: HOME IMPROVEMENT																	State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans					
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***				
Full-Scope:																				
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	21	7	18	17	23	25	38	50	10	2.6	1.1	2.5	3	3.8	1269	100				

(\*) As a percentage of loans with borrower income information available.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE		State: Pennsylvania		Evaluation Period: January 1,1998 to December 31, 1999												
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total ***
Full-Scope:																
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	21	6	18	15	23	27	38	51	62	0.4	0.3	0.4	0.6	0.6	671	100

(\*) As a percentage of loans with borrower income information available.

(\*\*) Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Pennsylvania			Evaluation Period: January 1,1998 to December 31, 1999					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Loans to Businesses		
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total*****	
Full-Scope:											
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	72	51	47	67	14	19	1.48	1.91	884	100	

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

(\*\*\*) The market consists of all other Small Business reporters in the MSA/assessment area and is based on 1998 Aggregate Small Business Data only.

(\*\*\*\*) Based on 1998 Aggregate Small Business Data only.

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

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

Borrower Distribution: SMALL LOANS TO FARMS										
State: Pennsylvania			Evaluation Period: January 1, 1998 to December 31, 1999							
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total*****
Full-Scope: MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (\*) Farms with revenues of \$1 million or less as a percentage of all farms.
- (\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.
- (\*\*\*) The market consists of all other Small Farm reporters in the MSA/assessment area and is based on 199X Aggregate Small Farm Data only.
- (\*\*\*\*) Based on 199X Aggregate Small Farm Data only.
- (\*\*\*\*\*) Small loans to farms originated and purchased in the MSA/assessment area as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS										
State: Pennsylvania			Evaluation Period: January 1, 1998 to December 31, 1999							
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$=	#	\$ (000's)	
Full-Scope:										
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	3	500	40	6946	43	7446	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 reported on the Report of Condition Schedule-L Off Balance Sheet Items.@

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				State: Pennsylvania				Evaluation Period: January 1,1998 to December 31, 1999									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in MSA/assessment area	# of BANK Branches	% of Rated Area Branches in MSA/assessment area	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
MSA 6160: Philadelphia, Bucks, Chester, Delaware and Montgomery Counties	100	27	100	3.7	3.7	22.2	70.4	0	11	0	0	+3	+8	10	20	42	28

