



Comptroller of the Currency
Administrator of National Banks

**LARGE
BANK**

Northeastern District
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Public Disclosure

May 18, 1998

Community Reinvestment Act Performance Evaluation

**Commerce Bank, N. A.
Charter Number: 17094**

**1701 Route 70 East
Cherry Hill, New Jersey 08034**

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NOTE: This evaluation is not, nor should it 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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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, N. A.** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **May 18, 1998**. 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 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 C.F.R. 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.

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.

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.

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

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gender and the income of the applicants, the amount of the loan requested, and its disposition (e.g., approved, denied, withdrawn).

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 census tracts. 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.

Low-Income - Income levels that are less than 50% of the MFI.

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

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

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

Small Business Loans - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

CRA RATING

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

The factors supporting the bank's overall rating include:

- ▶ an adequate responsiveness to credit needs within the assessment area;
- ▶ a high percentage (93%) of home mortgage and small business loans made within the assessment area;
- ▶ a marginally adequate geographic distribution of all loans within the assessment area;
- ▶ a good distribution of loans among borrowers of different income levels and to businesses of different sizes;
- ▶ reasonable use of flexible lending practices in order to serve assessment area credit needs;
- ▶ an adequate level of qualified community development lending activity;
- ▶ an inadequate level of qualified investments throughout its assessment area;
- ▶ reasonable access to delivery systems throughout most of the assessment area; and,
- ▶ an adequate level of community development services provided.

The following table indicates the performance level of Commerce Bank, N. A. with respect to the lending, investment and service tests.

PERFORMANCE LEVELS	COMMERCE BANK, N. A. PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X		
Needs to Improve		X	
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests in the overall rating.

DESCRIPTION OF INSTITUTION

Commerce Bank, N.A. (CBNA), headquartered in Cherry Hill, NJ, is wholly-owned by Commerce Bancorp, Inc., a \$4.2 billion New Jersey bank holding company, also located in Cherry Hill. CBNA is a full service, retail commercial bank with 40 full service branches with drive-ins and ATM facilities within its five county southern New Jersey assessment area. The bank's primary businesses include traditional community bank deposit and credit services. As of March 31, 1998, the bank had total assets of \$2,819 million, gross loans of \$991 million and investments of \$1,616 million.

CBNA's March 31, 1998 loan-to-deposit ratio of 42% is lower than both national and local peer bank averages. Over the past four years, the bank has experienced average loan growth of 12% and average core deposit growth of 13%. Management reports that there are two factors which cause the level of outstanding loans to be smaller than peer banks which, in turn, negatively impact the loan-to-deposit ratio. These are: (1) the predominance of amortizing real estate and other consumer loans in the portfolio and (2) the sale of originated residential mortgages on the secondary market.

The following table compares the asset mix of CBNA to national banks of similar size and scope of operation and to local banks.

ASSET MIX			
	CBNA	National Peer	Local Peer
Loans	35%	64%	57%
Investments	57%	28%	36%
Other Assets	8%	8%	7%
Total	100%	100%	100%
Loan/Deposit Ratio	42%	81%	76%

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

The following table portrays the principal loan mix of the bank.

TYPES OF DOMESTIC LOANS OUTSTANDING		
	Amount (\$000)	Percentage
Commercial Real Estate Loans	391,297	39.5%
Commercial Loans	193,172	19.5%
Consumer Loans		
Residential Mortgages	121,264	12.2%
Home Equity Loans and Lines	228,566	23.1%
Other Consumer Loans	56,351	5.7%
Total	990,650	100.0%

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

There are no financial or legal obstacles that affect CBNA's ability to meet its community's credit needs.

CBNA's competition comes from area banks, savings and loans, and other financial institutions. The primary competitors include First Union, Mellon, Sun, Summit and PNC.

DESCRIPTION OF ASSESSMENT AREA

CBNA’s assessment area consists of five counties: Camden, Gloucester, Burlington, Atlantic and Cape May. The assessment area meets regulatory guidelines and does not arbitrarily exclude any low- or moderate-income (LMI) areas. LMI is used throughout this document to describe low- or moderate-income individuals and/or census tracts. The assessment area has a total of 384 census tracts.

ASSESSMENT AREA DEMOGRAPHICS			
Designation	# Census Tracts	% of Total Tracts	% of Households in the Census Tracts
Low	19	5%	4%
Moderate	45	12%	10%
Middle	215	56%	59%
Upper	95	25%	27%
N/A	10	2%	0%
Total	384	100%	100%

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

More than 1.5 million residents populate the assessment area. As indicated in the above table, 14% of households reside in LMI tracts. The median housing value is \$113,570 and the median age of housing stock is 35 years. Total occupied housing units is 84%, with owner-occupied housing at 61% and rental occupied housing at 23%. The weighted average of census median family income is \$41,204; unemployment is approximately 3%.

Of New Jersey’s total population, 7.6% fall below the poverty level. The municipality with the highest percentage of below-poverty residents is City of Camden with 36.6% of all residents with income below the poverty level.

Affordable housing (especially new construction and rehabilitation) as well as micro and small business loans were described as primary credit needs by bank management and community contacts. Our contacts further noted the need for additional banking facilities in several low-income communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

SCOPE OF EXAMINATION

This examination covered a time period from January 1, 1996 to March 31, 1998 for all HMDA, small business and community development loans. This bank was reviewed in conjunction with two affiliated banks (Commerce/Shore and Commerce/PA) that, together with CBNA, comprise the Commerce Bank Group. HMDA, small business and community development loans originated by a member of the group were counted as loans originated by CBNA for the purposes of this Performance Evaluation to the extent those loans benefitted CBNA's assessment areas. Qualified investments purchased and services provided over this time period were also reviewed. Please refer to Appendix A of this Performance Evaluation for further details.

The revised CRA regulations require that we draw separate conclusions on a bank's performance in MSA's where it has branches. Our evaluation of the bank's performance in the Atlantic-Cape May area (MSA # 0560) and in the Greater Philadelphia area (Multistate MSA # 6160) can be found in Appendix B of this Performance Evaluation.

LENDING TEST

Lending Activity

Lending demonstrates adequate responsiveness to the credit needs of the assessment area. While CBNA was able to achieve moderate levels of originations and good distribution of loans to businesses of different sizes, particularly those with revenues of \$1 million or less, penetration of LMI areas was marginal in some parts of the assessment area. Strong performance was noted in upper-income tracts where CBNA consistently outperformed the market in percent origination in number and dollar volume of HMDA and small business loans. CBNA originated an adequate level of community development loans. Loans originated in the assessment area during the evaluation period were approximately 18% of average assets.

ORIGINATIONS IN THE ASSESSMENT AREA DURING THE EVALUATION PERIOD (a)				
Loan Type	# Loans	% of Total	\$ (000's)	% of Total
Home Mortgages (HMDA)	4,920	74.2%	212,277	55.3%
Small Business	1,696	25.6%	157,929	41.1%
Community Development	16	0.2%	13,785	3.6%
Other Loan Data	0	0.0%	0	0.0
Total	6,632	100.0%	383,991	100.0%

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

(a) This table reflects loans originated in MSA # 0560 and MSA # 6160 (NJ) from January 1996 to March 1998.

HMDA loan originations, shown in the next table, demonstrate adequate responsiveness overall. The bank did significantly better than the market in percent origination of loans for home improvement and refinancing, but continues to lag the market in percent origination of mortgage loans for home purchase. Management stated that purchase money mortgage lending is not a major product line of the bank. In early 1998, CBNA revised its First Step Mortgage product, which is targeted to LMI home buyers, to make it more competitive. During the evaluation period, CBNA originated 85 First Step mortgages which aggregated \$5.2 million. This represents 20% of the number of purchase money mortgages originated during the evaluation period.

TOTAL HMDA LOAN ORIGINATIONS IN ASSESSMENT AREA BREAKDOWN BY LOAN PURPOSE								
	1998 (Jan-Mar)		1997		1996			
Loan Purpose	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	Loan Mix of Other Area Financial Institutions (a) # \$	
Home Purchase	45 9.6%	4,448 15.7%	204 9.4%	17,110 19.8%	182 7.9%	15,032 15.4%	46.9%	60.3%
Refinance	213 45.3%	18,823 66.5%	600 27.7%	39,410 45.7%	813 35.6%	51,426 52.7%	33.3%	33.4%
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 0.1%	75 0.1%	0.0%	1.5%
Home Improvement	212 45.1%	5,056 17.8	1,361 62.9%	29,810 34.5%	1,288 56.4%	31,087 31.8%	19.8%	4.8%
Total 100%	470 100.0%	28,327 100.0%	2,165 100.0%	86,330 100.0%	2,285 100.0%	97,620 100.0%	100.0%	

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

(a) The market consists of all HMDA reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Assessment Area Concentration

Loans originated by CBNA in its assessment area (93% of the number and 80% of the dollar volume of HMDA and small business loans) accounted for a substantial majority of total loans originated during the evaluation period.

Geographic Distribution of Loans

Geodistribution throughout the assessment area is marginally adequate, particularly in LMI areas. This performance contrasts to the strong penetration achieved by CBNA in the upper-income tracts.

HMDA Loans

LMI geodistribution of HMDA loans approaches peer levels. However, since LMI lending in the assessment area by all lenders is low, meaningful comparisons cannot be made. Low penetration in the low-income census tracts is caused by several factors. In one situation, a dominant lender is providing a below market loan product in the Camden market. In another, the Atlantic City market does not generate many HMDA reportable loans for any institution.

TOTAL HMDA LOAN ORIGINATIONS GEODISTRIBUTION IN ASSESSMENT AREA								
Type of Census Tracts %	1998 (Jan-Mar)		1997		1996			
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	Geodistribution of Other Area Financial Institutions (a) # \$	
Low 5%	3 0.6%	81 0.3%	9 0.4%	180 0.2%	13 0.6%	350 0.4%	2.0%	0.4%
Moderate 12%	16 3.4%	749 2.6%	67 3.1%	2,340 2.7%	73 3.2%	2,394 2.4%	5.8%	3.6%
Middle 56%	232 49.4%	12,768 45.1%	1,111 51.3%	39,800 46.1%	1,124 49.2%	44,646 45.7%	58.1%	55.9%
Upper 25%	219 46.6%	14,729 52.0%	978 45.2%	44,010 51.0%	1,070 46.8%	49,841 51.1%	32.9%	39.2%
NA 2%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	5 0.2%	389 0.4%	1.2%	0.9%
Total 100%	470 100.0%	28,327 100.0%	2,165 100.0%	86,330 100.0%	2,285 100.0%	97,620 100.0%	100.0%	

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

(a) The market consists of all HMDA reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Small Business Lending

Geodistribution of small business loans is marginal. Compared to 1996 market data (the latest year for which market data is available), CBNA is below the rate of origination in number and dollar volume of loans compared to the market in LMI areas in the assessment area. This is somewhat reflective of the demographics of the branch network which is heavily weighted toward the middle- and upper-income census tracts.

TOTAL SMALL BUSINESS LOAN ORIGINATIONS GEODISTRIBUTION IN ASSESSMENT AREA								
	1998 (Jan-Mar)		1997		1996			
Type of Census Tracts %	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	Geodistribution of Other Area Financial Institutions (a) # \$	
Low 5%	0 0.0%	0 0.0%	8 1.0%	185 0.2%	11 1.5%	210 0.4%	2.0%	1.4%
Moderate 12%	8 4.5%	773 4.6%	28 3.7%	3,535 4.2%	26 3.4%	2,188 3.9%	7.0%	5.9%
Middle 56%	90 50.9%	6,484 38.4%	372 48.7%	35,261 41.7%	336 44.5%	24,158 42.7%	53.0%	55.2%
Upper 25%	76 42.9%	9,244 54.8%	349 45.7%	44,822 53.1%	375 49.7%	29,073 51.4%	37.0%	33.7%
NA 2%	3 1.7%	380 2.2%	7 0.9%	657 0.8%	7 0.9%	959 1.6%	1.0%	3.8%
Total 100%	177 100.0%	16,881 100.0%	764 100.0%	84,460 100.0%	755 100.0%	56,588 100.0%	100.0%	

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

(a) The market consists of all reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Borrowers' Profile

The distribution of loans demonstrates good responsiveness, particularly to the credit needs of small businesses (those businesses with revenues of \$1 million or less). Small business loan originations are primarily in loan amounts of \$100,000 or less. Home mortgages originated evidence adequate responsiveness.

HMDA Loans

The table below demonstrates an adequate distribution of loans to customers of different income levels, with percent origination generally similar to market performance. In MSA # 6160 the same pattern was evident, but in MSA # 0560 the rate of origination to LMI persons was better than that of the market.

TOTAL HMDA LOAN ORIGINATIONS BORROWERS PROFILE IN ASSESSMENT AREA								
	1998 (Jan-Mar)		1997		1996		Borrowers' Profile of Other Area Financial Institutions (a)	
Family Income Distribution %	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Low 18%	35 7.5%	631 2.2%	130 6.0%	3,257 3.8%	135 5.9%	3,686 3.8%	6.9%	2.5%
Moderate 19%	74 15.7%	2,805 9.9%	348 16.1%	11,299 13.1%	364 15.9%	12,192 12.5%	17.7%	12.4%
Middle 24%	134 28.5%	7,215 25.5%	599 27.7%	20,175 23.4%	658 28.8%	23,538 24.1%	28.3%	24.6%
Upper 38%	225 47.9%	17,572 62.0%	1,079 49.8%	51,123 59.2%	1,120 49.0%	57,785 59.2%	42.6%	54.6%
NA 0%	2 0.4%	104 0.4%	9 0.4%	476 0.5%	8 0.4%	419 0.4%	4.5%	5.9%
Total 100%	470 100.0%	28,327 100.0%	2,165 100.0%	86,330 100.0%	2,285 100.0%	97,620 100.0%	100.0%	

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

(a) The market consists of all reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Small Business Lending

To help meet the needs of those businesses which would not otherwise qualify for conventional financing, CBNA offers Small Business Administration (SBA) and New Jersey Economic Development Agency (NJEDA) guaranteed or sponsored loans. CBNA was designated as a Preferred Lender by the SBA in 1979. CNBA is one of the largest lenders in New Jersey under these programs. During the evaluation period, the bank originated 137 SBA and NJEDA loans totaling more than \$31.6 million. These originations are included in the small business numbers reported by the bank.

The distribution of small business loans is good, particularly to businesses with revenues of \$1 million or less. CBNA outpaced the market in percent origination throughout the evaluation period compared to 1996 market data. Although a substantial majority of loans originated throughout the evaluation period are \$100,000 or less, based upon 1996 data, percent origination in number of loans is below the market while dollar originations are at about the market level.

SMALL BUSINESS LOAN ORIGINATIONS BY REVENUE SIZE IN ASSESSMENT AREA								
Revenue Size	1998 (Jan-Mar)		1997		1996		Origination Profile of Other Area Financial Institutions (a)	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Less than or Equal to \$1 Million	97 54.8%	7,467 44.2%	436 57.0%	38,972 46.1%	447 59.2%	22,035 38.9%	47.0%	33.0%
Greater than \$1 Million	65 36.7%	8,080 47.9%	327 42.8%	45,448 53.8%	308 40.8%	34,553 61.1%	53.0%	67.0%
Total 100%	177(a) 100.0%	16,881(a) 100.0%	764(a) 100.0%	84,460(a) 100.0%	755 100.0%	56,588 100.0%	100.0%	

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

(a) Includes loans to companies whose revenues are not known.

SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE IN ASSESSMENT AREA								
Loan Size (000s)	1998 (Jan-Mar)		1997		1996		Origination Profile of Other Area Financial Institutions	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Less than \$100	135 76.3%	4,288 25.4%	563 73.7%	21,248 25.2%	621 82.2%	22,445 39.7%	87.0%	26.0%
\$100-\$250	27 15.2%	4,950 29.3%	118 15.4%	20,190 23.9%	88 11.7%	14,533 25.7%	7.0%	19.0%
\$250-\$1,000	15 8.5%	7,643 45.3%	83 10.9%	43,022 50.9%	46 6.1%	19,610 34.6%	6.0%	55.0%
Total 100%	177 100.0%	16,881 100.0%	764 100.0%	84,460 100.0%	755 100.0%	56,588 100.0%	100.0%	

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

Community Development Lending Activities

The bank originated an adequate level of community development loans during the evaluation period. Community development loans are loans that (1) have a primary purpose of community development, as defined at 12 C.F.R. § 25.12(h), (2) have not been reported or collected by the bank or an affiliate for consideration as home mortgage, small business, small farm or consumer loans, unless they are multifamily dwelling loans, and (3) benefit the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area. From January 1,

1996 to May 18, 1998 the bank originated 16 community development loans, totaling \$14 million. Examples of the community development loans originated during the evaluation period are:

- The bank provided a \$1,777,444 loan originated in February 1996 to a nonprofit that rehabilitates and manages affordable rental units in the Township of Moorestown. The 76 units covered by the rehabilitation project will help the township meet its affordable housing obligations with the New Jersey Council on Affordable Housing.
- The bank provided \$505,000 in loans made in July 1997 to a nonprofit for the rehabilitation of five residential units in the City of Camden. The units will be sold to LMI families.
- The bank provided \$6,500,000 in loans originated in 1996 to a manufacturer located in a low-income tract in the City of Camden to help it expand its operations. The company is a major employer in Camden.
- The bank provided a \$2,975,000 loan made in July 1996 to a limited partnership for the construction of an affordable rental housing project in Camden County targeted for seniors.

Most of the lending activities or products reviewed were neither innovative nor complex. However, the \$1,777,444, loan discussed above creatively used advanced tax planning techniques.

In addition, the bank originated 14 loans totaling \$17.6 million which, while not meeting the definition of a community development loan under the regulation, fostered economic development in the assessment area.

INVESTMENT TEST

Considering CBNA's capacity and resources, as well as investment opportunities in the assessment area, the level of qualified investments is inadequate. Total qualifying investments made during the evaluation period of \$599,856 are depicted in the following table.

QUALIFIED INVESTMENTS (in \$)				
Purpose	1996	1997	1998	Total
Affordable Housing and Economic Development	50,000	200,000	100,000	350,000
Grants and Donations to Affordable Housing/Economic Development Organizations	74,726	57,600	15,250	147,576
Grants and Donations to Community Service Organizations	20,400	22,833	34,047	77,280
In-kind donations	10,000	10,000	5,000	25,000
Total	155,126	290,433	154,297	599,856

The bulk of qualified investments made during the evaluation period consisted of numerous investments in the Collaborative Lending Initiative (CLI). Total investments in CLI amounted to \$250,000. CBNA was one of the originating banks which worked with the Delaware Valley Community Reinvestment Fund (DVCRF) in 1995 to establish the CLI. The DVCRF uses bank and other investor funds to provide construction and permanent financing for affordable housing and community development purposes. CLI was designed to leverage DVCRF's limited resources with additional bank funds to provide construction financing for the development of both rental and for sale affordable housing in Pennsylvania and Camden. Since its inception, CLI has provided loans and loan commitments for 38 projects, totaling over \$21.6 million, which have produced 769 units of affordable housing. The bank's assessment area contains 290 of these units, the majority of which are in Camden.

In November of 1997, management reinvested funds from a maturing \$100,000 three year Certificate of Deposit with the Camden Community Credit Union (CCCU) for an additional five years. CBNA provided these funds free of interest. CCCU specifically targets Camden residents who, due to barriers including low income, lacked access to credit through the mainstream banking system. By investing these funds for an extended period at no interest, CBNA has provided both a stable funding source and an interest subsidy for the loans which CCCU extends to its low income members.

Also listed in the above table are numerous qualifying grants/donations to organizations that help provide economic development and/or affordable housing and community services to low and moderate income individuals. The in-kind donations are office furniture valued at \$25,000 and donated to several community development organizations during the evaluation period.

One qualified investment was made prior to the evaluation period. In 1994, management invested \$150,000 in the DVCRF.

None of the qualified investments were complex. Some of the investments in Camden, particularly relating to the North Camden Plan and the Camden Development Collaborative were innovative.

The qualified investments respond to some of the credit needs of the assessment area. Yet, when compared to the bank’s capacity, the demographics of the assessment area, both in terms of LMI geographies and individuals and investment opportunities, the level of responsiveness is inadequate.

SERVICE TEST

Delivery systems are generally accessible to essentially all portions of the institution’s assessment area. The bank’s record of opening and closing offices has not adversely affected accessibility to bank services. Branch hours are extensive and are convenient to most portions of the assessment area.

CBNA operates 40 full service offices with drive-ins and ATMs throughout its assessment area. Locations, by county, are Atlantic - 5, Burlington - 11, Camden - 14, Cape May - 2, and Gloucester - 8. Overall, the assessment area is substantially comprised of middle- and upper-income census tracts. The City of Camden and Atlantic City contain the majority of the assessment area’s LMI census tracts.

The chart below reflects the distribution of branches and ATMs compared to the characteristics of the tracts in the assessment area.

DISTRIBUTION OF DELIVERY SYSTEMS (BRANCHES AND REMOTE ATM FACILITIES)			
Type of Census Tract	Branches # / %	Non-Branch ATM Facilities # / %	Census Tracts in the Assessment Area # / %
Low	1 / 3%	0 / 0%	19 / 5%
Moderate	2 / 5%	3 / 18%	45 / 12%
Middle	19 / 47%	8 / 47%	215 / 56%
Upper	18 / 45%	5 / 29%	95 / 25%
Not Classified	0 / 0%	1 / 6%	10 / 2%
Total	40 / 100%	17 / 100%	384 / 100%

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

The majority of branches are located in middle- and upper-income census tracts. The low-income area branch is located in Mount Holly and the two moderate-income area branches are located within residential areas of Woodbury and Glassboro. Branch locations, while situated throughout

the assessment area, are not easily accessible to all individuals and regions as they are typically located near the more populated urban areas as opposed to the rural areas..

The three non-bank ATMs that are located in moderate income census tracts do not primarily serve LMI residents. Two of the non-bank ATMs are located in the Camden waterfront area, which is non-residential. These machines are mainly for the convenience of local businesses and help support the revitalization of this area. The remaining ATM is located on the campus of Burlington County College.

CBNA offers extended lobby and drive-in hours at all locations. All branches are open on Saturdays, with lobby and/or drive-in hours available on Sunday and many holidays. A listing of branch hours is available in the bank's public file.

All branch locations offer a common set of traditional financial services to its consumer and business customers. Marketing efforts are designed to reach all segments of the assessment area. Deposit services include checking accounts geared towards customers over 50 years of age and a low cost/minimum balance account for those individuals desiring basic checking services. Saving products include a no fee account for young savers (less than 21 years old). The bank offers a variety of personal, mortgage, home equity and credit card loan products. There are also loan products that are specifically designed to assist LMI borrowers with home improvement and home ownership. Community outreach and specialty advertising support management's efforts to reach LMI areas in addition to promoting the bank's affordable loan and deposit products.

In addition to branch operations, alternative delivery systems in the form of telephone and computer banking services are available throughout the assessment area. These systems, particularly telephone banking, are extensively used and provide customers with access to loan and deposit services and customer representatives 24 hours a day. Approximately one third of all telephone and computer banking applications came from LMI individuals; almost 15% of these applications were from residents of LMI census tracts.

Four new branches opened during the review period and there were no branch closings. Two of the new offices are located in middle-income census tracts and two are in upper-income tracts. The bank is scheduled to open full service branch offices in the City of Camden and Atlantic City in the near future. Both locations are in moderate-income neighborhoods. These will be the first de novo branches opened in their respective cities in several years (40 years in Camden).

Community Development Services

CBNA provides an adequate level of community development services to a variety of organizations and initiatives within the assessment area. The focus of the bank's efforts has been in Camden which contains the majority of the assessment area's low- income census tracts. Community development services in the form of technical, financial and administrative expertise have enhanced numerous housing, small business development and economic revitalization efforts within the assessment area. The following is a listing of some of the bank's involvement in community development services.

Affordable Housing

- Camden City Redevelopment Corporation - Non-profit organization which develops and provides affordable housing in the City of Camden. A CBNA Vice President serves as Chairman of the Board.
- Institute for Urban and Public Policy, Rowan University - The institute provides grant funding and technical assistance for non-profit housing organizations in low income and rural areas of southern New Jersey. A CBNA Vice President serves as Chairman of the Board.
- Atlantic County Home Team - Organization provides educational services regarding affordable housing opportunities in Atlantic County, with a focus on LMI areas. The CRA Officer sits on the Board of Directors.

Small Business Development

- Cooperative Business Assistance Corporation (CBAC) - Non-profit loan fund supported by the City of Camden and area financial institutions. Its mission is to provide financing services for existing businesses to remain and expand in Camden. CBAC also works to attract new businesses to Camden. A CBNA Senior Vice President/Regional Loan Officer sits on CBAC's Commercial Loan Fund Committee.
- South Jersey Small Business Micro Loan Fund - Provider of funding to start-ups and relatively new small businesses in southern New Jersey. A CBNA Assistant Vice President/Small Business Association Officer is on the Loan Committee. The bank's CRA Officer served on the Fund's Organizing Committee.
- SBA Small Business Support Center - Provider of technical assistance to new and small businesses, with a focus on businesses based in the Camden/Philadelphia Empowerment Zones. The CRA Officer assisted in the development planning for the center.
- Glassboro Economic Development Commission - Established to provide business credit

services and support for economic growth in Glassboro. The CRA Officer sits on the Board of this Commission.

Economic Development

- Camden Churches Organized for People - Camden based, organized to redevelop vacant housing and reduce crime. The CRA Officer is an Advisory Board member of this organization.
- North Camden Plan Bank Compact - Coalition of financial institutions and North Camden community groups formed to implement the North Camden Plan, a long term master plan for total redevelopment of Camden's poorest neighborhood. The coalition provides loans, grants and investments to support implementation of the plan. The CRA Officer sits on the Advisory Board of this coalition.
- Camden Development Collaborative - Organization established to provide funding support for non-profit community development organizations in the City of Camden. Funding has been provided for housing development, job creation and neighborhood revitalization. A CBNA Vice President is Chairman of the Board of Directors.
- The Community Foundation of New Jersey - Non-profit organization providing community development funding to low income communities in the state of New Jersey. A CBNA Vice President is a member this organization's Board.

Commerce Capital, a subsidiary of the bank, has provided consulting, underwriting and brokerage services to communities in the assessment area for education and economic development projects. This included a \$54 million bond issue for the Atlantic City Board of Education.

CBNA has sponsored and/or participated in 27 educational workshops during the review period. The majority of these workshops cover home ownership. Other topics covered include banking, budgeting and credit, and community development.

FAIR LENDING EXAMINATION

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations. CBNA has an effective system in place to comply with fair lending regulations. Training has been effective in introducing fair lending topics bankwide.

APPENDIX A

SCOPE OF EXAMINATION

TIME PERIOD REVIEWED	January 1, 1996 to March 31, 1998
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FINANCIAL INSTITUTION	PRODUCTS REVIEWED
Commerce Bank, N.A. Cherry Hill, NJ	Mortgage, Home Improvement, Community Development and Small Business Loans

AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
Commerce Bank/Shore, N.A. Forked River, NJ	Subsidiary of Holding Company	Mortgage, Home Improvement, Community Development and Small Business Loans
Commerce Bank/PA, N.A. Philadelphia, PA	Subsidiary of Holding Company	Mortgage, Home Improvement, Community Development and Small Business Loans

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
Assessment Area	Type of Exam	Branches Visited	Other Information
Camden, Gloucester and Burlington Counties, located in the Philadelphia MSA # 6160; and Atlantic and Cape May Counties located in the Atlantic Cape May MSA # 0560.	On-Site	Marlton, Cherry Hill and University	Not applicable

APPENDIX B

METROPOLITAN STATISTICAL AREAS

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PORTIONS OF THE ATLANTIC/CAPE MAY MSA (MSA 0560)

ASSESSMENT AREA - ATLANTIC/CAPE MAY MSA 0560

CBNA's assessment area encompasses the entire MSA which consists of Atlantic and Cape May counties. The assessment area has a total of 94 census tracts, meets regulatory guidelines and does not arbitrarily exclude any LMI areas.

ASSESSMENT AREA DEMOGRAPHICS			
Designation	# Census Tracts	% of Total Tracts	% of Households Residing in the Census Tracts
Low	4	4%	3%
Moderate	18	19%	17%
Middle	53	57%	64%
Upper	16	17%	16%
N/A	3	3%	0%
Total	94	100%	100%

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

More than 391,000 residents populate this area. As seen in the above table, 20% of households in the assessment area reside in LMI tracts. The median housing value is \$123,890 and the median age of housing stock is 35 years. Total occupied housing units is 63%, with owner-occupied housing at 42% and rental occupied housing at 21%. Vacant housing units in the assessment area are 37%, which reflects the seasonality of the shore communities located in both counties. The weighted average of census median family income is \$39,034 and unemployment is approximately 3%.

Atlantic City is the largest city in both Atlantic County and in the MSA. This city is an older urban resort area that went through an extended period of decline. Its revitalization began in 1976 with the arrival of casino gaming. From 1978 to 1990, 12 hotel casinos were opened in the city; in peak years, more than 30 million tourists come to the city for recreation.

Cape May County has six moderate-income tracts, 13 middle-income tracts and two upper-income tracts. The median housing value is \$110,400.

LENDING TEST

Lending Activity

Lending demonstrates adequate responsiveness to the credit needs of the assessment area as evidenced by moderate levels of originations and good distribution of loans among customers of different income levels and businesses of different sizes. However, there was weak penetration of LMI areas and a low level of community development loans.

Loans subject to review under CRA originated in the Atlantic/Cape May MSA during the evaluation period are shown in the following table.

ORIGINATIONS IN THE ASSESSMENT AREA DURING THE EVALUATION PERIOD (a)				
Loan Type	# Loans	% of Total	\$ (000's)	% of Total
Home Mortgages (HMDA)	601	69.3%	35,009	60.4%
Small Business	265	30.5%	22,139	38.2%
Community Development	2	0.2%	807	1.4%
Total	868	100.0%	57,955	100.0%

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

(a) This table reflects loans originated in MSA # 0560 from January 1996 to March 1998.

HMDA loan originations, shown in the next table, demonstrate adequate responsiveness overall. The bank did better than the market in percent origination of loans for home improvement and refinancing, but continues to lag the market in percent origination of mortgage loans for home purchase. In early 1998, CBNA revised its First Step Mortgage product to make it more competitive.

TOTAL HMDA LOAN ORIGINATIONS IN MSA # 0560 (NJ)								
BREAKDOWN BY LOAN PURPOSE								
Loan Purpose	1998 (Jan-Mar)		1997		1996			
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	Loan Mix of Other Area Financial Institutions (a) # \$	
Home Purchase	9 12.7%	871 17.4%	53 20.9%	5,034 35.6%	33 12.0%	3,500 22.1%	54.1%	62.4%
Refinance	32 45.1%	3,251 64.9%	79 31.1%	6,075 43.0%	122 44.2%	8,689 54.8%	33.8%	34.3%
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0.0%	0.0%
Home Improvement	30 42.3%	889 17.7%	122 48.0%	3,034 21.5%	121 43.8%	3,666 23.1%	12.1%	3.3%
Total	71 100.0%	5,011 100.0%	254 100.0%	14,143 100.0%	276 100.0%	15,855 100.0%	100.0%	

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

(a) The market consists of all HMDA reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Geographic Distribution of Loans

Distribution of loans for home mortgages and small businesses is marginal, but is reflective of the performance of all lenders in the market.

HMDA Loans

While penetration in low-income tracts is low, it is reflective of market performance. No single lender dominates this segment of the market, although about half of the lending activity in the low-income tracts can be attributed to finance companies which typically charge more than banks. During the evaluation period, LMI geodistribution of HMDA loans was below peer levels. However, since LMI lending in the assessment area is low for all lenders, meaningful comparisons cannot be made.

TOTAL HMDA LOAN ORIGINATIONS - GEODISTRIBUTION MSA # 0560								
Type of Census Tracts %	1998 (Jan-Mar)		1997		1996		Geodistribution of Other Area Financial Institutions (a)	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Low 4%	0 0.0%	0 0.0%	1 0.4%	63 0.4%	0 0.0%	0 0.0%	0.4%	0.2%
Moderate 19%	3 4.2%	188 3.8%	12 4.7%	776 5.5%	10 3.6%	342 2.2%	9.2%	5.6%
Middle 57%	47 66.2%	3,881 77.4%	180 70.9%	10,346 73.2%	194 70.3%	11,269 71.1%	71.4%	75.5%
Upper 17%	21 29.6%	942 18.8%	61 24.0%	2,958 20.9%	71 25.7%	4,149 26.2%	17.4%	17.7%
NA 3%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1 0.4%	95 0.6%	1.6%	0.9%
Total 100%	71 100.0%	5,011 100.0%	254 100.0%	14,143 100.0%	276 100.0%	15,855 100.0%	100.0%	

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

(a) The market consists of all HMDA reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Small Business Lending

Distribution is weak, with no loans originated in low-income tracts during the entire evaluation period or in moderate-income tracts in the first quarter of 1998. Percent origination in moderate-income tracts is significantly below market performance in 1996, both in number and dollar volume rate of origination.

TOTAL SMALL BUSINESS LOAN ORIGINATIONS - GEODISTRIBUTION MSA # 0560								
Type of Census Tracts %	1998 (Jan-Mar)		1997		1996		Geodistribution of Other Area Financial Institutions (a) # \$	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total		
Low 4%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1.0%	0.3%
Moderate 19%	0 0.0%	0 0.0%	7 5.8%	777 7.4%	4 3.0%	805 8.1%	16.0%	11.9%
Middle 57%	22 75.9%	1,140 65.5%	85 70.3%	7,416 70.6%	78 68.0%	6,373 64.4%	64.0%	76.7%
Upper 17%	7 24.1%	600 34.5%	29 24.0%	2,308 22.0%	33 29.0%	2,720 27.5%	19.0%	10.3%
NA 3%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	1.0%	0.9%
Total 100%	29 100.0%	1,740 100.0%	121 100.0%	10,501 100.0%	115 100.0%	9,898 100.0%	100.0%	

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

(a) The market consists of all reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Borrowers' Profile

The following tables demonstrate good responsiveness to the credit needs of customers of different income levels and of businesses of different sizes.

HMDA Loans

The distribution of HMDA loans to customers of different income levels is good. Percent origination to LMI persons is better than market performance in both the number and dollar volume of loans. The First Step mortgage product contributed to this performance.

TOTAL HMDA LOAN ORIGINATIONS - BORROWERS' PROFILE MSA # 0560								
Family Income Distribution %	1998 (Jan-Mar)		1997		1996		Borrowers' Profile of Other Area Financial Institutions (a)	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Low 18%	2 2.8%	30 0.6%	12 4.7%	336 2.4%	20 7.2%	599 3.8%	4.0%	1.6%
Moderate 19%	10 14.1%	311 6.2%	31 12.2%	1,355 9.6%	36 13.0%	1,534 9.7%	14.5%	8.8%
Middle 24%	13 18.3%	856 17.1%	66 26.0%	2,585 18.3%	68 24.6%	2,996 18.9%	24.6%	18.8%
Upper 38%	46 64.8%	3,814 76.1%	143 56.3%	9,497 67.1%	151 54.7%	10,631 67.1%	51.9%	66.6%
NA 0%	0 0.0%	0 0.0%	2 0.8%	370 2.6%	1 0.4%	95 0.6%	5.0%	4.1%
Total 100%	71 100.0%	5,011 100.0%	254 100.0%	14,143 100.0%	276 100.0%	15,855 100.0%	100.0%	

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

(a) The market consists of all reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Small Business Lending

The tables below demonstrate good responsiveness to the credit needs of small businesses. The distribution of small business loans is good, particularly to businesses with revenues of \$1 million or less. CBNA performed better than the market in percent origination by number based on 1996 market data. The distribution of loans by loan size is also good, particularly in loan amounts of below \$100,000. The bank performed better than the market in percent origination by dollar volume of loans below \$100,000 throughout the evaluation period based upon 1996 market data.

SMALL BUSINESS LOAN ORIGINATIONS BY REVENUE SIZE - MSA # 0560								
Revenue Size	1998 (Jan-Mar)		1997		1996		Origination Profile of Other Area Financial Institutions (a)	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Less than or Equal to \$1 Million	17 58.6%	846 48.6%	77 63.6%	5,731 54.6%	74 64.3%	3,403 34.4%	54.0%	49.0%
Greater than \$1 Million	9 31.0%	825 47.4%	44 36.3%	4,770 45.4%	41 35.7%	6,495 65.6%	46.0%	51.0%
Total 100%	29(a) 100.0%	1,740(a) 100.0%	121 100.0%	10,501 100.0%	115 100.0%	9,898 100.0%	100.0%	

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

(a) Includes loans to companies whose revenues are not known.

SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE - MSA # 0560								
Loan Size (000s)	1998 (Jan-Mar)		1997		1996		Origination Profile of Other Area Financial Institutions	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Less than \$100	24 82.8%	846 48.6%	91 75.2%	3,205 30.5%	94 81.7%	3,419 34.5%	86.0%	28.0%
\$100-\$250	5 17.2%	894 51.4%	18 14.9%	2,930 27.9%	12 10.4%	2,289 23.1%	8.0%	24.0%
\$250-\$1,000	0 0.0%	0 0.0%	12 9.9%	4,366 41.6%	9 7.8%	4,190 42.3%	6.0%	48.0%
Total 100%	29 100.0%	1,740 100.0%	121 100.0%	10,501 100.0%	115 100.0%	9,898 100.0%	100.0%	

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

Community Development Lending Activities

The level of community development is low. CBNA originated two loans aggregating \$807,000 which financed affordable housing, economic development, community services and revitalization projects in the assessment area.

None of the lending activities or products reviewed were innovative or complex.

INVESTMENT TEST

Qualified investments in MSA 0560 are virtually nonexistent and performance in this MSA is significantly worse than overall performance under this test. Investments in this MSA totaled \$780 or 0.13% of total qualified investments during the evaluation period.

SERVICE TEST

When compared to overall performance, delivery systems in MSA 0560 provide more limited accessibility to bank services. All but one of the seven MSA 0560 branches are located near the eastern portion of the MSA, which is more densely populated and centers around the tourism and casino industries. The western region of MSA 0560 is rural and less populated, and is serviced by one branch location. Residents of this area have limited direct access to bank services, although they do have access to the alternative delivery systems discussed elsewhere in this Performance Evaluation.

Community Development Services

CBNA's level of community development services within the MSA is consistent with the overall performance. Primary services include credit, technical and financial support to community housing and redevelopment activities. Community development services are focused on Atlantic City.

METROPOLITAN STATISTICAL AREAS

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PORTIONS OF THE PHILADELPHIA MULTISTATE MSA (MSA 6160)

ASSESSMENT AREA - PHILADELPHIA MSA 6160

CBNA's assessment area encompasses three counties within the MSA: Camden, Gloucester and Burlington. The assessment area has 290 census tracts, meets regulatory guidelines and does not arbitrarily exclude any LMI areas.

ASSESSMENT AREA DEMOGRAPHICS			
Designation	# Census Tracts	% of Total Tracts	% of Households Residing in the Census Tracts
Low	15	5%	5%
Moderate	27	9%	8%
Middle	162	57%	57%
Upper	79	27%	30%
N/A	7	2%	0%
Total	290	100%	100%

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

More than 1.1 million residents populate this part of the assessment area. As seen in the above table, 13% of households in the assessment area reside in LMI tracts. The median housing value is \$108,795 and the median age of housing stock is 36 years. Total occupied housing units is 94%, with owner-occupied housing at 69% and rental occupied housing at 25%. The weighted average of census median family income is \$41,908; unemployment is approximately 3%.

The City of Camden is the largest municipality in the MSA, with 37% of the residents living below the poverty level.

LENDING TEST

Lending Activity

Lending demonstrates adequate responsiveness to the credit needs of the assessment area, as evidenced by moderate levels of originations, reasonable penetration of LMI areas, adequate distribution of home mortgages among customers of different income levels, good distribution of small business loans to businesses of different sizes and an adequate level of community development loans.

The following table shows loans subject to review under CRA originated in MSA # 6160 during the evaluation period.

ORIGINATIONS IN THE ASSESSMENT AREA DURING THE EVALUATION PERIOD (a)				
Loan Type	# Loans	% of Total	\$ (000's)	% of Total
Home Mortgages (HMDA)	4,319	74.9%	177,268	54.4%
Small Business	1,431	24.8%	135,790	41.6%
Community Development	14	0.3%	12,978	4.0%
Total	5,764	100.0	326,036	100.0

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

(a) This table reflects loans originated in MSA # 6160 from January 1996 to March 1998.

HMDA loan originations, shown in the following table, demonstrate adequate responsiveness overall. The bank did significantly better than the market in percent origination of loans for home improvement and refinancing, but lags the market in percent origination of mortgage loans for home purchase. The number of mortgages originated for home purchase has been relatively stable throughout the evaluation period, while the dollar volume has increased.

TOTAL HMDA LOAN ORIGINATIONS in MSA # 6160 (NJ)								
BREAKDOWN BY LOAN PURPOSE								
Loan Purpose	1998 (Jan-Mar)		1997		1996		Loan Mix of Other Area Financial Institutions (a)	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Home Purchase	36 9.0%	3,577 15.3%	151 7.9%	12,076 16.7%	149 7.4%	11,532 14.1%	44.8%	59.6%
Refinance	181 45.4%	15,572 66.8%	521 27.3%	33,335 46.2%	691 34.4%	42,737 52.3%	33.0%	33.0%
Multifamily	0 0.0%	0 0.0%	0 0.0%	0 0.0%	2 0.1%	75 0.1%	0.1%	2.0%
Home Improvement	182 45.6%	4,167 17.9%	1,239 64.8%	26,776 37.1%	1,167 58.1%	27,421 33.5%	22.1%	5.4%
Total 100%	399 100.0%	23,316 100.0%	1,911 100.0%	72,187 100.0%	2,009 100.0%	81,765 100.0%	100.0%	

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

(a) The market consists of all HMDA reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Geographic Distribution of Loans

The tables which follow demonstrate adequate responsiveness to the credit needs of the area.

HMDA Loans

Distribution throughout the assessment area is reasonable, notwithstanding the apparent low penetration in LMI areas. A single lender has dominated these segments of the market by originating nearly 83% of home improvement loans in the low-income census tracts and nearly 25% in the moderate-income census tracts.

TOTAL HMDA LOAN ORIGINATIONS - GEODISTRIBUTION MSA # 6160 (NJ)								
Type of Census Tracts %	1998 (Jan-Mar)		1997		1996		Geodistribution of Other Area Financial Institutions (a) # \$	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total		
Low 5%	3 0.8%	81 0.3%	8 0.4%	117 0.2%	13 0.6%	350 0.4%	2.5%	0.5%
Moderate 9%	13 3.3%	561 2.4%	55 2.9%	1,564 2.2%	63 3.1%	2,052 2.5%	4.9%	2.9%
Middle 57%	185 46.4%	8,887 38.1%	931 48.7%	29,454 40.8%	930 46.3%	33,377 40.8%	54.6%	49.2%
Upper 27%	198 49.6%	13,787 59.1%	917 48.0%	41,052 56.8%	999 49.7%	45,692 55.9%	37.9%	47.3%
NA 2%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	4 0.2%	294 0.4%	0.1%	0.1%
Total 100%	399 100.0%	23,316 100.0%	1,911 100.0%	72,187 100.0%	2,009 100.0%	81,765 100.0%	100.0%	

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

(a) The market consists of all HMDA reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Small Business Lending

The distribution of small business loans is adequate. CBNA was able to parallel market performance in low-income tracts in 1996, doing as well as the market in percent origination of the number of small business loans. Lending in moderate-income areas shows an upward trend in both the number and dollar volume of loans originated.

TOTAL SMALL BUSINESS LOAN ORIGINATIONS - GEODISTRIBUTION MSA # 6160 (NJ)								
Type of Census Tracts %	1998 (Jan-Mar)		1997		1996		Geodistribution of Other Area Financial Institutions (a) # \$	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total		
Low 5%	0 0.0%	0 0.0%	8 1.2%	185 0.3%	11 1.7%	210 0.5%	2.0%	1.9%
Moderate 9%	8 5.4%	773 5.1%	21 3.3%	2,758 3.7%	22 3.4%	1,383 3.0%	5.0%	3.4%
Middle 57%	68 46.0%	5,344 35.3%	287 44.6%	27,845 37.7%	258 40.3%	17,785 38.1%	50.0%	46.1%
Upper 27%	69 46.6%	8,644 57.1%	320 49.8%	42,514 57.5%	342 53.4%	26,353 56.4%	42.0%	43.6%
NA 2%	3 2.0%	380 2.5%	7 1.1%	657 0.9%	7 1.1%	959 2.1%	1.0%	5.0%
Total 100%	148 100.0%	15,141 100.0%	643 100.0%	73,959 100.0%	640 100.0%	46,690 100.0%	100.0%	

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

(a) The market consists of all reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Borrowers' Profile

The tables below demonstrate adequate distribution of HMDA loans among customers of different income levels and good distribution of small business loans, particularly to businesses with revenues of \$1 million or less.

HMDA Loans

Percent origination by number of loans in LMI tracts was below market performance in 1996. Percent origination by dollar volume of loans in low-income tracts was moderately above the market, and in moderate-income tracts was slightly below the market.

TOTAL HMDA LOAN ORIGINATIONS - BORROWERS' PROFILE MSA # 6160 (NJ)								
Family Income Distribution %	1998 (Jan-Mar)		1997		1996		Borrowers' Profile of Other Area Financial Institutions (a)	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Low 16%	33 8.3%	601 2.6%	118 6.2%	2,921 4.0%	115 5.7%	3,087 3.8%	7.8%	2.9%
Moderate 17%	64 16.0%	2,494 10.7%	317 16.6%	9,944 13.8%	328 16.3%	10,658 13.0%	18.9%	13.7%
Middle 25%	121 30.3%	6,359 27.3%	533 27.9%	17,590 24.4%	590 29.4%	20,542 25.1%	29.7%	26.9%
Upper 42%	179 44.9%	13,758 59.0%	936 49.0%	41,626 57.7%	969 48.2%	47,154 57.7%	40.1%	50.7%
NA 0%	2 0.5%	104 0.4%	7 0.4%	106 0.1%	7 0.3%	324 0.4%	3.6%	5.9%
Total 100%	399 100.0%	23,316 100.0%	1,911 100.0%	72,187 100.0%	2,009 100.0%	81,765 100.0%	100.0%	

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

(a) The market consists of all reporters in the bank's assessment area. Market performance is based on the number and dollar volume of loans as a percent of total originations.

Small Business Lending

The distribution of small business loans is good, particularly to businesses with revenues of \$1 million or less. CBNA performed better than the market in percent origination to these businesses. The distribution of loans by loan size is adequate. While the number of loans in amounts of \$100,000 or less represent a substantial majority throughout the evaluation period, percent origination is below the market based upon 1996 data.

SMALL BUSINESS LOAN ORIGINATIONS BY REVENUE SIZE - MSA # 6160 (NJ)								
Revenue Size	1998 (Jan-Mar)		1997		1996		Origination Profile of Other Area Financial Institutions (a)	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Less than or Equal to \$1 Million	80 54.0%	6,618 43.7%	359 55.8%	33,241 45.0%	373 58.3%	18,632 39.9%	47.0%	33.0%
Greater than \$1 Million	56 37.8%	7,255 47.9%	283 44.0%	40,678 55.0%	267 41.7%	28,058 60.1%	53.0%	67.0%
Total	148(a) 100.0%	15,141(a) 100.0%	643(a) 100.0%	73,959(a) 100.0%	640 100.0%	46,690 100.0%	100.0%	

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

(a) Includes loans to businesses whose revenues are not known.

SMALL BUSINESS LOAN ORIGINATIONS BY LOAN SIZE - MSA # 6160 (NJ)								
Loan Size (000)	1998 (Jan-Mar)		1997		1996		Origination Profile of Other Area Financial Institutions	
	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	# Loans %Total	\$ (000's) %Total	#	\$
Less than \$100	111 75.0%	3,442 22.7%	472 73.4%	18,043 24.4%	527 82.3%	19,026 40.7%	91.0%	36.0%
\$100-\$250	22 14.9%	4,056 26.8%	100 15.6%	17,260 23.3%	76 11.9%	12,244 26.2%	5.0%	19.0%
\$250-\$1,000	15 10.1%	7,643 50.5%	71 11.0%	38,656 52.3%	37 5.8%	15,420 33.0%	4.0%	45.0%
Total 100%	148 100.0%	15,141 100.0%	643 100.0%	73,959 100.0%	640 100.0%	46,690 100.0%	100.0%	

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

Community Development Lending Activities

The level of community development loans is adequate. CBNA originated 14 loans aggregating nearly \$13 million which financed affordable housing, economic development, community services and revitalization projects in the assessment area. None of the lending activities or products reviewed were innovative or complex with the exception of one affordable housing loan which

utilized tax free public financing in a creative manner.

Please refer to the discussion of Community Development Lending Activities in the Lending Test section of the “Conclusions with Respect to Performance Tests” portion of this Performance Evaluation for examples of community development loans.

INVESTMENT TEST

Qualified investment activity and levels in MSA 6160 are better than the overall performance under this test since essentially all investment activity during the evaluation period (\$599,076 of \$599,856) occurred in this MSA. Please refer to the Investment Test section of the “Conclusions with Respect to Performance Tests” portion of this Performance Evaluation for further details.

SERVICE TEST

Consistent with overall performance, CBNA’s delivery systems are reasonably accessible to essentially all portions of the bank’s assessment area within MSA 6160. The absence of branches in Camden currently provides limited bank access to the LMI center of the MSA; however, a branch is to be opened in Camden in the near future. The current branch alignment which parallels the MSA’s most populated area provides limited direct access of bank services to the rural areas of Burlington and Gloucester counties. CBNA operates 33 branches and 14 non-branch ATMs throughout MSA 6160.

Community Development Services

CBNA’s level of community development services within the MSA is reasonable and consistent with overall performance. Primary services include providing technical, financial and administrative expertise to small business, affordable housing and economic development projects. Community development services are focused on the City of Camden, NJ.