



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## Public Disclosure

October 27, 2003

### Community Reinvestment Act Performance Evaluation

**Newfield National Bank  
Charter Number: 14240**

**18-24 West Boulevard  
Newfield, NJ 08344**

**Office of the Comptroller of the Currency**

**Northeast District  
Eastern Pennsylvania Field Office  
Four Greenwood Square  
3325 Street Road Suite 120  
Bensalem, PA 19020-2025**

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

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>5</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>6</b>
<b>FAIR LENDING REVIEW .....</b>	<b>7</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS .....</b>	<b>8</b>
LENDING TEST .....	8
INVESTMENT TEST .....	19
SERVICE TEST .....	20
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-8</b>

## Overall CRA Rating

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

The following table indicates the performance level of **Newfield National Bank (NNB)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Newfield National Bank 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:

- NNB’s lending levels reflect good responsiveness to community credit needs.
- A high percentage of home mortgage loans and small loans to businesses are originated within the assessment area (AA).
- Good distribution of HMDA loans among individuals of different income levels, given the demographics of the assessment area.
- Good distribution of small loans to businesses.
- Overall, market share data for home mortgage products and small business lending reflects favorably on the bank.
- Service delivery systems are accessible to geographies and individuals of different income levels.
- The institution provides an adequate level of community development services.
- NNB has made an adequate level of qualified community development investments and donations based on the limited opportunities in the assessment area.

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

## Description of Institution

Newfield National Bank (NNB) is a \$411 million institution headquartered in Newfield, New Jersey. The bank was chartered in 1934 and remains a full service, intrastate community bank offering a standard array of traditional loan and deposit products. NNB is a wholly owned subsidiary of Newfield Bancorp, Inc., a one-bank holding company also located in Newfield, New Jersey. NNB has one wholly owned subsidiary: FNBN Investment Corp. (FNBN), a holding company for NNB's investment securities. FNBN holds the majority of NNB's investment securities, including any qualified CRA investments. The subsidiary was formed to take advantage of Delaware's tax laws. All qualified investments from this affiliate were considered in the evaluation. This subsidiary does not impact the bank's ability for community reinvestment activities.

NNB has one assessment area (AA) within the Consolidated Metropolitan Statistical Areas (CMSAs) of Philadelphia-Wilmington-Atlantic City. The AA is comprised of portions of three Primary Metropolitan Statistical Areas (PMSAs): The Vineland-Millville-Bridgeton PMSA (8760); the western portion of Atlantic County of the Atlantic-Cape May PMSA (0560); and portions of Gloucester and Salem Counties in the New Jersey portion of the Philadelphia PMSA (6160).

The bank has a network of ten branch offices in the AA, all are full service branches and seven offer ATM services. Six branch offices are located in the New Jersey portion of the Philadelphia PMSA while the remaining four branch offices are located in the Vineland-Millville-Bridgeton PMSA. There are no branches in the Atlantic-Cape May PMSA. One of the branches in the Vineland-Millville-Bridgeton PMSA is located in a low-income geography. During 2001, NNB opened one new branch in Bridgeton, New Jersey. No branches were closed during the evaluation period.

As of December 31, 2002, net loans approximated \$234 million or 57% of total assets. The composition of the loan portfolio consists of commercial and industrial loans at 39%, residential real estate loans at 29%, consumer loans at 13%, other loans at 13%, commercial real estate loans and construction and land development loans each at 2% and agricultural loans at less than 1%. NNB reported Net Tier 1 Capital of \$32.3 million at December 31, 2002.

There are no financial or legal impediments impacting NNB's ability to help meet the community credit needs of its AA.

Competition is strong with offices of interstate regional banking companies, local community banks and mortgage companies. NNB's primary competitors include Minotola National Bank, Commerce Bank, The Bank, and Sun National Bank.

DNB's previous CRA examination was conducted as of October 5, 2000 and the bank was assigned an overall rating of "Satisfactory."

## **Scope of the Evaluation**

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

This evaluation covers home purchase, home improvement, home mortgage refinance, and small business lending activity for the period of July 1, 2000 through December 31, 2002. The evaluation period for community development loans and investments was from October 6, 2000 through October 27, 2003. Both community development and retail services were also evaluated for this timeframe.

### **Data Integrity**

During August 2003, NNB's publicly filed information on home mortgages was tested for accuracy. Further, we tested publicly filed data regarding small loans to businesses. Results of this testing evidenced the data is sufficiently accurate for purposes of the CRA review.

Community development loans, investments and services submitted by management were also verified to ensure that they meet the regulatory definition for community development.

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

NNB designates one assessment area (AA) within the Consolidated Metropolitan Statistical Areas (CMSAs) of Philadelphia-Wilmington-Atlantic City. The AA is comprised of portions of three Primary Metropolitan Statistical Areas (PMSAs): The Vineland-Millville-Bridgeton PMSA (8760); the western portion of Atlantic County of the Atlantic-Cape May PMSA (0560); and portions of Gloucester and Salem Counties in the New Jersey portion of the Philadelphia PMSA (6160).

Since the AA covers parts of three PMSAs that have different demographics, we conducted a full scope review for each separate PMSA versus a full-scope review of the sole assessment area.

NNB's assessment area complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas. All market share data discussed in this Public Evaluation is from the year 2001 and is in reference to the bank's market share within the stated PMSA rather than in any larger geographic area.

Please refer to Appendix B for further information regarding the market profile of the full-scope reviews for each PMSA.

## **Ratings**

The ratings are based on conclusions reached in the evaluation of NNB's sole AA. Each PMSA was analyzed separately due to the different demographics in each of the PMSAs.

We placed more weight on the bank's performance in the Vineland-Millville-Bridgeton PMSA, 8760 and the NJ portion of the Philadelphia PMSA, 6160. Ninety percent of NNB's lending activity and all of its branch offices and deposits are located in these two PMSAs. NNB does not have any branches in the Atlantic-Cape May PMSA. However, the western portion of the Atlantic-Cape May PMSA is considered part of the assessment area as it is contiguous to the other two PMSAs and there are branches in the other two PMSAs that are close to Atlantic County.

When determining conclusions for the Lending Test, we placed equal weight on home mortgage products and small loans to businesses since each type of lending comprises 50% of total reported loans. The home mortgage portfolio is comprised of home mortgage refinance loans, which totaled 51%, home improvement loans, which totaled 34%, and home purchase loans, which totaled 15%. The most weight was placed on home mortgage refinance loans and home improvement loans as they represent a majority of the loan originations in the evaluation period.

We also placed more weight on the borrower distribution in evaluating the bank's lending performance given there were no low-income geographies in the Vineland-Millville-Bridgeton PMSA or in the Philadelphia PMSA and there was only one low-income geography in the Atlantic-Cape May PMSA. In addition, there was only one moderate-income geography in each of the Atlantic-Cape May PMSA and the Philadelphia PMSA. There were six moderate-income geographies in the Vineland-Millville-Bridgeton PMSA.

## **Other**

During our examination, we contacted two community groups via the telephone and reviewed internal documentation on other community contacts that were recently conducted. During the discussions and from the internal information reviewed, we learned that affordable housing, flexible lending programs, financial literacy and education programs, counseling for small business owners and prospective small business owners, and economic development are the primary credit needs of the assessment area.

## **Fair Lending Review**

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the lending test is rated "High Satisfactory". Based on a full-scope review, NNB's performance in their assessment area is good, reflecting an overall responsiveness to the credit needs of the assessment area. In the individual PMSAs, the bank's performance is good in the Vineland-Millville-Bridgeton PMSA, good in the Philadelphia PMSA, and good in the Atlantic-Cape May PMSA.

### Conclusions for Areas Receiving Full-Scope Reviews

#### Lending Activity

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

Lending activity is considered excellent in the Vineland-Millville-Bridgeton PMSA, good in the Atlantic-Cape May PMSA, and good in the Philadelphia PMSA.

#### Vineland-Millville-Bridgeton PMSA

Mortgage related lending in this area amounted to 397 mortgage loans or 40% of the total number of such loans made over the review period and constituted \$24.4 million or 41% of the total dollar amount. Broken down by number, home mortgage lending was comprised of 19% home purchase loans, 32% home improvement loans, and 49% home mortgage refinance loans. There were no multifamily loans originated and therefore no analysis was conducted of this type of lending. The bank's record of lending is considered excellent when considering their market share position for home refinance, home improvement, and small business loans.

NNB ranked 6<sup>th</sup> out of 14 lenders in deposit market share with 6% of deposits. The lenders ranked above NNB had deposit market shares ranging from 9% to 18% and include Sun National Bank, Fleet National Bank, Minotola National Bank, Hudson United Bank, and Colonial Bank.

Overall, the bank is ranked 10<sup>th</sup> with a 3% market share in overall HMDA related lending based on 2001 HMDA aggregation data. There are 203 reporting lenders with the leading lenders being large out-of-state mortgage companies or banks. The lenders ranked above NNB had market shares ranging from 3%-8%, indicating that the bank is competitive in this market.

In home purchase lending, NNB ranked 22<sup>nd</sup> out of 122 lenders with a 1% market share based on the same aggregation data. The lenders ranked above NNB include several large nationwide lenders that have market shares ranging from 1% to 15%.

NNB ranked 3<sup>rd</sup> out of 47 reporting home improvement lending with a 10% market share, falling just behind Fleet National Bank's 10% market share and Sun National Bank's 12% market share. This performance is considered excellent.

Home refinance analysis shows that NNB ranks 7<sup>th</sup> in the market with a 3% share, which is considered good. Competition is strong with 166 lenders, most of which are nationwide lenders who are very active in the area. The lenders ranked above NNB had market shares ranging from 3% to 9%.

Based upon 2001 CRA aggregating data, NNB ranked 4<sup>th</sup>, with a 10% share of the market for small business reporting lenders. The average loan size for lenders was \$49 thousand, with NNB having an average loan size of \$111 thousand. This performance is excellent considering the strong competition from large national lenders that provide small business credit cards. The top two lenders are national credit card lenders and the third top lender is a local bank.

#### Atlantic-Cape May PMSA

Mortgage related lending in this area amounted to 108 mortgage loans or 11% of the total number of such loans made over the review period and constituted \$7.3 million or 12% of the dollar amount. Broken down by number, home mortgage lending was comprised of: 12% home purchase loans, 29% home improvement loans, and 59% home mortgage refinance loans. There were no multifamily loans originated during the review period and therefore no analysis was performed for this type of lending. The bank's record of lending is considered good.

NNB does not have branches in this PMSA and therefore no deposit market share information is available.

The bank ranked 21<sup>st</sup> out of 182 lenders with a 2% market share in overall HMDA related lending based on 2001 HMDA aggregation data. The leading lenders are large out-of-state mortgage companies or banks. The top five lenders had market shares ranging from 4% to 7%. This market is very competitive for home related lending.

In home purchase lending, NNB ranked 33<sup>rd</sup> out of 115 lenders with a 1% market share based on the same aggregation data. The 115 lenders within the market provide strong competition. The top five are large nationwide lenders with market shares ranging from 4% to 10%. Taking this into consideration, the bank's performance is adequate.

NNB ranked 7<sup>th</sup> out of 37 reporting lenders in home improvement lending with a 4% market share. This is good considering the six banks ranked ahead of NNB had market shares ranging from 5% to 19% and are all larger banks including Commerce Bank, Key Bank USA, Fleet National Bank, Sun National Bank, PNC Bank, and Beneficial Corporation.

Home refinance analysis shows that NNB ranks 15<sup>th</sup> in the market with a 2% share. Competition is strong with 147 lenders, most of which are nationwide lenders who are active in the area. The top five lenders had market shares ranging from 4% to 8%. Taking this into consideration, the bank's performance is good.

Based upon 2001 CRA aggregating data, NNB ranked 19<sup>th</sup>, with a 1% share of the market for small business reporting lenders. NNB's average loan size was \$183 thousand versus the average loan size of \$34 thousand for all reporting lenders. This performance is good considering the strong competition from large national lenders that provide small business credit cards. The top five lenders are national credit card lenders.

### Philadelphia PMSA

Mortgage related lending in this area amounted to 491 mortgage loans or 49% of the total number of loans made over the review period and constituted \$28.5 million or 47% of the dollar amount. Broken down by number, home mortgage lending was comprised of: 12% home purchase loans, 38% home improvement loans, and 50% home mortgage refinance loans. There were no multifamily loans originated during the review period and therefore no analysis was performed for this type of lending. The bank's record of lending is considered good.

NNB ranked 3<sup>rd</sup> out of 23 lenders in deposit market share with 9% of deposits. The lenders ranked above NNB had deposit market shares ranging from 9% to 14%.

Overall, the bank is ranked 18<sup>th</sup> with a 1% market share in overall HMDA related lending based on 2001 HMDA aggregation data. There are 291 reporting lenders with the leading lenders being large out-of-state mortgage companies and large nationwide lenders. The lenders ranked above NNB had market shares ranging from 1%-7%. This market is very competitive for overall home related lending.

In home purchase lending, NNB ranked 39<sup>th</sup> with less than a 1% market share based on the same aggregation data. The 205 reporting lenders within the market, including several large nationwide lenders and mortgage companies, provide strong competition. The top five lenders had market shares ranging from 5% to 9%.

NNB ranked 6<sup>th</sup> in home improvement lending with a 4% market share, which is considered good. The five banks ranked ahead of NNB had market shares ranging from 4% to 32%, with Commerce Bank ranking 1<sup>st</sup>. Competition is less intense with only 75 reporting lenders.

Home refinance analysis shows that NNB ranks 22<sup>nd</sup> in the market with a 1% share. Competition is very strong with 240 lenders, most of which are nationwide lenders who are very active in the area. The top five lenders had market shares ranging from 4% to 7%.

Based upon 2001 CRA aggregating data, NNB ranked 9<sup>th</sup>, with a 3% share of the market for small business reporting lenders. The performance is good considering the competition from large national lenders that provide small business credit cards. NNB's average loan size was \$111 thousand, with an average loan size of \$38 thousand for all reporting lenders. The top five lenders are national credit card lenders with market share ranging from 8% to 15%.

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

The geographic distribution of NNB's home mortgage loans reflects adequate penetration throughout the assessment area. In the individual PMSAs, geographic distribution is adequate in Vineland-Millville-Bridgeton, excellent in Atlantic-Cape May, and adequate in Philadelphia.

## ***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.

### Vineland-Millville-Bridgeton PMSA

NNB's distribution of home mortgage loans within this PMSA is adequate given the demographics and competition within this area.

It is important to note that the only low-income geography and four of the six moderate-income geographies located in this PMSA are within the Cumberland Empowerment Zone ("CEZ"), which is described in the Appendix. Development in these areas is geared to commercial development thereby impacting the level of residential lending in these areas.

An analysis of NNB's distribution of home mortgage products for low-income geographies would not be meaningful because there is only one low-income geography and lending opportunities are very limited. There are only 202 housing units in that geography with only twenty-two owner-occupied units. The remaining units are renter occupied (85%) or vacant (5%).

The distribution for home purchase loans in moderate-income geographies is adequate, given the demographics and performance within this area. The percentage of lending in the moderate-income tracts is below the level of owner-occupied housing in those geographies. NNB only originated a total of seventy-four home purchase loans during the evaluation period, of which, three or 4% were located in moderate-income geographies. Again, four of the moderate-income tracts are within the CEZ and the ongoing efforts to develop those areas impact this type of lending. Further, home purchase loans are not a significant portion of NNB's lending activity. NNB's market share in the moderate-income tracts is below the overall market share; however, it is important to note that the bank has a small market share (1.19%) for home purchase loans in this PMSA. The market share reports indicate there are 54 lenders, including several large nationwide lenders and mortgage companies, which indicates strong competition.

The bank's geographic distribution of home improvement loans is adequate, given the demographics and performance of its competition within this area. The percentage of NNB's lending in the moderate-income tracts is below the level of owner occupied housing in those geographies. The bank's market share in moderate-income tracts is below the overall market share. However, NNB ranks 7<sup>th</sup> out of 17 lenders with a 6% market share. The lenders ranked above NNB had market shares ranging from 6% to 18% and include larger nationwide lenders.

The distribution for home refinance loans is poor. The percentage of lending in the moderate-income tracts is well below the level of owner occupied housing in those geographies. The bank's market share in moderate-income geographies is below the overall market share. NNB ranks 21<sup>st</sup> out of 67 lenders with a 1% market share. The lenders ranked above NNB include larger nationwide and mortgage lenders with market shares ranging from 1% to a high of 20%.

### Atlantic-Cape May PMSA

NNB's distribution of home mortgage loans within this PMSA is excellent.

An analysis of NNB's distribution of home mortgage products for low-income geographies would not be meaningful because there are no low-income geographies within this PMSA.

The distribution for home purchase loans is excellent. The percentage of lending in the moderate-income tracts greatly exceeds the level of owner-occupied housing in those geographies. The bank's market share in moderate-income tracts exceeds the overall market share for those geographies.

The bank's geographic distribution of home improvement loans is excellent. The percentage of lending in moderate-income tracts greatly exceeds the level of owner-occupied housing in those geographies. The bank's market share in moderate-income tracts exceeds the overall market share for those geographies.

The distribution for home refinance loans is excellent. The percentage of lending in moderate-income tracts greatly exceeds the level of owner-occupied housing in those geographies. The bank's market share in moderate-income tracts greatly exceeds the overall market share for those geographies.

### Philadelphia PMSA

NNB's distribution of home mortgage loans within this PMSA is adequate.

An analysis of NNB's distribution of home mortgage products for low-income geographies would not be meaningful because there are no low-income geographies within this PMSA.

The distribution for home purchase loans is excellent. The percentage of lending in the moderate-income tracts exceeds the level of owner-occupied housing in those geographies. Given that the bank has a very small market share for home purchase loans in the moderate-income tracts, a market share comparison is not meaningful and is not discussed.

The bank's geographic distribution of home improvement loans is adequate. The percentage of lending in the moderate-income tracts is below the level of owner-occupied housing in those geographies. The bank's market share in moderate-income tracts is below the overall market share for those geographies. However, this is considered adequate performance when considering the limited opportunities and competition for home improvement loans in moderate-income geographies. There are only 1,303 housing units located in moderate-income tracts, of which, only 631 units are owner-occupied. The remaining units are renter-occupied (45%) or vacant (7%).

The distribution of home refinance loans is poor. The percentage of lending in moderate-income geographies is below the level of owner occupied housing in those geographies. The bank's market share in moderate-income tracts is below the overall market share for those geographies.

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

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

The geographic distribution of NNB's small business loans reflects adequate penetration throughout the assessment area. In the individual PMSAs, geographic distribution is adequate in Vineland-Millville-Bridgeton, excellent in Atlantic-Cape May, and in Philadelphia.

#### Vineland-Millville-Bridgeton PMSA

Distribution of business loans based upon geographic distribution within this PMSA is deemed to be adequate.

Within this area, NNB originated 538 loans during the review period. The percentage of loans made in the low-income geography is below the percentage of loans located within that geography. The percentage of loans made in the moderate-income geographies is below the percentage of loans located within those geographies. NNB's market share in the only low-income geography exceeds the overall market share. NNB ranks 2<sup>nd</sup> out of 53 lenders with an 11% market share. The top lender was GE Capital Financial Inc. with a 12% market share. Loans in moderate-income geographies are below the bank's overall market share. NNB ranked 5<sup>th</sup> out of 53 lenders with an 8% market share. Three of the top four lenders are larger nationwide lenders with market shares ranging between 10% and 14%.

#### Atlantic-Cape May PMSA

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

Within this area, NNB originated 97 loans during the review period. There were no low-income geographies; therefore, an analysis would not be meaningful. The percentage of loans made in moderate-income geographies greatly exceeds the percentage of loans located within those geographies. The bank's market share is close to the overall market share. NNB ranked 12<sup>th</sup> out of 70 lenders with a 2% market share.

#### Philadelphia PMSA

Distribution of business loans based upon geographic distribution within this PMSA is deemed to be adequate.

Within this area, NNB originated 370 loans during the review period. There were no low-income geographies; therefore, an analysis would not be meaningful. The percentage of loans made in moderate-income geographies is well below the percentage of loans located within those geographies. The bank's market share is near their overall market share. Based on the market share reports, NNB ranked 16<sup>th</sup> out of 65 lenders and faces strong competition from large national lenders that provide small business credit cards. In addition, there are limited opportunities for lending in this geography, as only 2.80% or 229 businesses are located in the one moderate-income geography. NNB's performance is considered adequate when considering their competition and the limited opportunities for lending.

### ***Small Loans to Farms***

The bank only originated two small loans to farm; therefore, this type of lending was not considered for this evaluation.

### ***Consumer Loans and Multifamily Loans***

The bank chooses not to track its consumer lending. In turn, consumer lending was not considered for this evaluation and the corresponding tables were eliminated. The bank did not originate multi-family loans; therefore, this type of lending was not considered and the corresponding tables were eliminated.

### **Lending Gap Analysis**

No unexplained gaps were identified based upon the analysis of NNB's home mortgage and small business lending during the evaluation period.

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

The inside/outside ratio analysis indicates NNB originates a high percentage of loans throughout the assessment area and is responsive to all income segments.

During the evaluation period, 89% of the number and 82% of the dollar amount of total HMDA originations were within the bank's overall assessment area. The assessment area is the consolidation of the three PMSAs. The number and dollar amount of loans originated in the assessment area during the evaluation period by the product types are as follows: 81% of the number and 72% of the dollar amount of home purchase loans, 92% of the number and 82% of the dollar amount of home improvement loans, 89% of the number and 86% of the dollar amount of home refinance loans. During this timeframe, 84% of the number and 80% of the dollar amount of total small loans to businesses were within the assessment area.

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

The borrower distribution of NNB's home mortgage loans reflects good penetration among borrowers of different income levels throughout the assessment area. In the individual PMSAs, the borrower distribution is good in Vineland-Millville-Bridgeton, adequate in Atlantic-Cape May, and good in Philadelphia.

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

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

Vineland-Millville-Bridgeton PMSA

The overall distribution of home mortgage loans based upon the income level of the borrowers is good based upon the competition, cost of housing and poverty levels within the PMSA.

Our analysis revealed that overall lending to low-income borrowers for all home mortgage products is below the percentage of low-income families within the PMSA. Within the Vineland-Millville-Bridgeton PMSA, low- and moderate-income families respectively comprise 21% and 17% of all families residing in this PMSA. Poverty level is also high at 13% of the households. We considered the lack of affordability for a low-income individual or family to purchase a home. The lack of affordability is evident as the median housing value approximates \$72 thousand, while a low-income family earns just less than \$25 thousand per year. Accordingly, lending to low-income individuals is considered adequate.

NNB's distribution of home purchase loans is adequate. The percentage of lending to both low-and moderate-income families is below the level of families in those categories. The market share to low-and moderate-income families is below the overall market share.

NNB's distribution of home improvement loans is good. The percentage of lending to low-income families is below the level of families in this category. However, the percentage of lending to moderate-income families exceeds the level of families at this level with the PMSA. In addition, the market share to both low- and moderate-income families is near NNB's overall market share. Based on the 2001 HMDA aggregation data, NNB ranks 6<sup>th</sup> out of 16 lenders with a 9% market share for lending to low-income families and ranks 4<sup>th</sup> out of 21 lenders with a 10% market share in lending to moderate-income families. Sun National Bank, Fleet National Bank, Beneficial Corporation, and Chevy Chase Bank were some of the banks that ranked above NNB in home improvement lending to low-and moderate-income families.

The bank's distribution of home refinance loans is good. The percentage of lending to low-income families is well below the level of families in this category. The percentage of lending to moderate-income families is near the level of families in this category. The bank's market share to low-income families is below the overall market share while the bank's market share to moderate-income families exceeds the bank's overall market share. The bank's market share position is considered good. Based on 2001 HMDA aggregation data, NNB ranks 8<sup>th</sup> out of 71 lenders with a 4.28% market share in lending to moderate-income families. Fleet National Bank ranks 1<sup>st</sup> with a 6.58% market share followed by Minotola National Bank with a 6.25% market share, GMAC with a 5.59% market share, Beneficial with a 5.26% market share, Hudson United Bank with a 4.61% market share and Gateway Funding Mortgage Services and ADCO Financial Mortgage, with a 4.28% market share each.

Atlantic-Cape May PMSA

The overall distribution of home mortgage loans based upon the income level of the borrowers is adequate based upon the competition, cost of housing, and poverty levels within the PMSA.

Our analysis revealed that overall lending to low-and moderate-income borrowers for all home mortgage products is below the percentage of low-and moderate-income families within the PMSA. Within the Atlantic-Cape May PMSA, low- and moderate-income families respectively comprise 18% and 20% of all families residing in this PMSA. The poverty level is also high at 9% of the households. We considered the lack of affordability for a low-or moderate-income

individual or family to purchase a home. The lack of affordability is evident as the median housing value approximates \$91 thousand, while a low-income family earns less than \$25.9 thousand per year and a moderate-income family earns less than \$41.4 thousand per year. Accordingly, lending to low-and moderate-income individual is considered adequate.

Distribution of home purchase loans in this PMSA is adequate. The percentage of lending to both low-and moderate-income families is below the level of families in those categories. Given that the bank has a very small market share for home purchase loans to low- and moderate-income individuals in this PMSA, a market share comparison is not meaningful and is not discussed.

NNB's distribution of home improvement loans is adequate. The percentage of lending to low-income families is below the level of families in this category and the percentage of lending to moderate-income families is well below the level of families in this category. The bank's market share for low-income families exceeds the bank's overall market share while the bank's market share for moderate-income families is near the bank's overall market share.

The bank's distribution of home refinance loans is adequate. The percentage of lending to both low-and moderate-income families is well below the level of families in those categories. The bank's market share for low-income families is below the overall market share while the bank's market share for moderate-income families is near the bank's overall market share.

#### Philadelphia PMSA

The overall distribution of home mortgage loans based upon the income level of the borrowers is good based upon the competition, cost of housing and poverty levels within the PMSA.

Within the Philadelphia PMSA, low- and moderate-income families respectively comprise 15% and 17% of all families residing in this PMSA and the poverty level totals 6% of the households. We considered the lack of affordability for a low-income individual or family to purchase a home. The lack of affordability is evident as the median housing value approximates \$105 thousand, while a low-income family earns just less than \$31.6 thousand per year. Accordingly, lending to low-income individuals is considered good.

NNB's distribution of home purchase loans is good. The percentage of lending to low-income families is below the level of families in this category. The percentage of lending to moderate-income families greatly exceeds the level of families in this category. The market share to low-and moderate-income families exceeds the overall market share.

NNB's distribution of home improvement loans is excellent. The percentage of lending to low-income families exceeds the level of families in this category. The percentage of lending to moderate-income families greatly exceeds the level of families in this category. NNB's market share to low- and moderate-income families exceeds their overall market share.

The bank's distribution of home refinance loans is good. The percentage of lending to low-income families is below the level of families in this category. The level of moderate-income families exceeds the level of families in this category. NNB's market share to both low- and moderate-income families is near their overall market share.

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

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

The distribution of small loans to businesses reflects good penetration throughout the assessment area. In the individual PMSAs, the distribution is good in the Vineland-Millville-Bridgeton PMSA, good in Atlantic-Cape May PMSA, and good in Philadelphia PMSA.

#### Vineland-Millville-Bridgeton PMSA

NNB's distribution of small loans to businesses is good in this PMSA. Although the percentage of NNB's small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is below the percentage of small businesses, the bank's market share of lending to small businesses significantly exceeds its overall business loan market share. The distribution by size of loan reflects that a majority (64%) of loan originations during the evaluation period were less than \$100,000. NNB's performance is considered good when considering the strong competition from larger national lenders. Based on the 2001 market share reports, NNB ranked 2<sup>nd</sup> out of 52 lenders and faces strong competition from large national lenders that provide small business credit cards. Please refer to the Lending Activity section for additional information.

#### Atlantic-Cape May PMSA

NNB's distribution of small loans to businesses is good in this PMSA. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is close to the percentage of small businesses. The bank's market share of lending to small businesses exceeds its overall business loan market share. The distribution by size of loan reflects that a majority (73%) of loan originations during the evaluation period were less than \$100,000. NNB's performance is considered good when considering the strong competition from larger national lenders. Based on the 2001 market share reports, NNB ranked 14<sup>th</sup> out of 70 lenders and faces strong competition from large local community banks and large national lenders that provide small business credit cards. The top five lenders include Associates Capital Bank, Advanta Bank Corporation, American Express, MBNA America, and Commerce Bank. Please refer to the Lending Activity section for additional information.

#### Philadelphia PMSA

NNB's distribution of small loans to businesses is good in this PMSA. The percentage of small loans to small businesses (businesses with gross annual revenues of \$1 million or less) is close to the percentage of small businesses. The bank's market share of lending to small businesses significantly exceeds its overall business loan market share. The distribution by size of loan reflects that a majority (71%) of loan originations during the evaluation period were less than \$100,000. NNB's performance is considered good when considering the strong competition from larger national lenders and local community banks. Based on the 2001 market share reports, NNB ranked 7<sup>th</sup> out of 65 lenders. The top lenders include Associates Capital Bank, Advanta Bank Corporation, The Bank of Gloucester County, MBNA America,

American Express, and Woodstown National Bank and Trust. Please refer to the Lending Activity section for additional information.

### ***Small Loans to Farms***

The bank only originated two small loans to farm; therefore, this type of lending was not considered for this evaluation.

### ***Consumer Loans and Multifamily Loans***

The bank chooses not to track its consumer lending. In turn, consumer lending was not considered for this evaluation and the corresponding tables were eliminated. The bank did not originate multi-family loans; therefore, this type of lending was not considered and the corresponding tables were eliminated.

### **Community Development Lending**

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

NNB originated thirteen small business loans, which totaled \$3.9 million, during the evaluation period that have community development purposes; however, these loans are included in the bank's CRA small business loan data because they do not exceed \$1 million. As a result, the bank has not, technically, extended community development loans during the evaluation period.

### **Product Innovation and Flexibility**

Product innovation and flexibility has a neutral impact on the Lending Test conclusions for the assessment area and for each individual PMSA.

NNB's flexible lending practices are used throughout the assessment area and are available in each PMSA; therefore, they are discussed as bank-wide products and not by individual PMSAs.

NNB employs flexible lending practices on a limited basis in order to serve the credit needs of its assessment area. NNB participates in the "Helping Hand" loan program. To qualify, the maximum household income can not exceed 80% of the HUD MSA Median Family Income. The program includes reduced interest rates, extended loan terms, a slightly higher maximum loan amount, and flexible underwriting. Since the programs inception, the bank has made eight loans totaling \$29 thousand dollars.

In addition, the bank participates in the Home Buyers program administered by the New Jersey Housing and Mortgage Finance Agency. This residential mortgage program assists individuals in becoming "First Time Home Buyers". The loan program is flexible, allowing for below market rates and points, reduced application fees, and flexible underwriting. The program

allows for a maximum 97% Loan-to-Value (LTV) with mortgage insurance required for LTVs over 80%. NNB closed a total of nine loans for \$753 thousand during the evaluation period for this program.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Vineland-Millville-Bridgeton PMSA, Atlantic-Cape May PMSA and the Philadelphia PMSA is adequate.

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

#### Vineland-Millville-Bridgeton PMSA

During the evaluation period, NNB purchased a \$514 thousand mortgage-backed security with \$56 thousand directly benefiting this PMSA. All loans securing the investment were to LMI individuals and aid in addressing the stated need of assisting low- and moderate-income individuals purchase affordable housing. In addition, NNB made 25 qualifying grants and donations totaling \$58 thousand in the Vineland-Millville-Bridgeton PMSA.

The grants, donations, and investments targeted affordable housing, community development services for LMI individuals, and economic development and meet the identified credit needs in this PMSA. Based on our community contact and internal research, investment opportunities are available but the market is highly competitive.

#### Atlantic-Cape May PMSA

During the evaluation period, NNB made 5 qualifying grants and donations totaled \$4 thousand in the Atlantic-Cape May PMSA. The grants, donations, and qualified investments in this PMSA are considered adequate.

The grants, donations, and investments target affordable housing, community development services for LMI individuals and counseling for small business owners and prospective small business owners. Our internal research indicated that investment opportunities in this PMSA are limited and the organizations servicing the area are small with limited capacity. Available opportunities consist of small projects in Atlantic City, which is not part of NNB's assessment area. Based on this information, the level of qualified investments, grants, and donations is adequate.

#### Philadelphia PMSA

During the evaluation period, NNB purchased a \$514 thousand mortgage-backed security with \$458 thousand directly benefiting this PMSA. All loans securing the investment were to LMI

individuals and aid in addressing the stated need of assisting low- and moderate-income individuals purchase affordable housing. In addition, NNB made 8 qualifying grants and donations totaling \$5 thousand in the Philadelphia PMSA. The grants, donations, and investments that have been made meet the identified credit needs in the PMSA and are considered adequate based on the level of opportunities and competition.

The grants, donations, and investments target affordable housing, economic development, small business counseling, and community development services to LMI individuals. Based on our community contact and internal research, investment opportunities are available in Gloucester County. However, many of these are targeted to areas in the Pennsylvania portion of this PMSA, projects and opportunities that are available in New Jersey are generally outside the bank's assessment area and are larger projects that may not be appropriate for a bank of NNB's size, and the market is competitive.

NNB purchased one qualified investment that covers a statewide area and includes all three PMSAs:

- The bank purchased a \$15 thousand par value New Jersey Rental Housing Revenue Bond from the New Jersey Housing Finance Agency (HFA). HFA's purpose is to increase the supply of safe and affordable multifamily housing for the low- and moderate-income residents of New Jersey.

There were no prior period investments. None of the investments made during the evaluation period are considered complex or innovative.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's overall performance is good. Performance within the individual PMSAs is good in the Vineland-Millville-Bridgeton PMSA, adequate in the Atlantic-Cape May PMSA, and good in the Philadelphia PMSA. Conclusions and the rating for the Service Test are primarily based on the bank's performance in the Vineland-Millville-Bridgeton PMSA and the Philadelphia PMSA because NNB does not have any branch offices in the Atlantic-Cape May PMSA.

### **Retail Banking Services**

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

### Vineland-Millville-Bridgeton PMSA

Delivery systems are accessible to geographies and individuals of different income levels in this PMSA. NNB operates four full-service offices in this PMSA. During the evaluation period, one new branch was opened in a middle-income geography and no offices were closed. All of the offices offer drive-in facilities as well as extended evening and Saturday hours. Three of the four offices offer ATM services. NNB's hours and services do not vary in a way that inconveniences certain portions of the assessment area.

The percentage of branches in low-income geographies significantly exceeds the demographics of the population residing in the geography. While there are no branches located in moderate-income census tracts, the branch located in a low-income geography is less than five miles from two of the six moderate-income geographies. Further, the new branch, located in a middle-income geography, is located within five miles from the remaining four moderate-income geographies. This new branch has improved the accessibility of NNB's delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

### Atlantic-Cape May PMSA

Delivery systems are reasonably accessible to geographies and individuals of different income levels in this PMSA. NNB does not operate branches, drive-in facilities, or ATM services in this PMSA. However, two branches in the Vineland-Millville-Bridgeton PMSA border this PMSA and provide reasonable accessibility, as they are located within five miles of a moderate-income census tract.

### Philadelphia PMSA

Delivery systems are accessible to geographies and individuals of different income levels in this PMSA. NNB operates six full-service offices in this PMSA. There were no offices opened or closed. All of the offices offer drive-in facilities as well as extended evening and Saturday hours. Four of the offices offer ATM services. NNB's hours and services do not vary in a way that inconveniences certain portions of the assessment area.

There are no low-income geographies and only one moderate-income geography in this PMSA. While none of the six NNB branches are located in the moderate-income geography, one branch is located within five miles of the only moderate-income geography. In addition, only 2.01% of the population resides within the moderate-income geography.

NNB offers a standard array of products and services that are considered appropriate for an institution of its size and capacity. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers. NNB provides alternative systems for delivering retail banking services to its community, including Internet Banking, Bank-By-Phone, Bank-By-Mail, electronic bill payment, Electronic Transfer Accounts, and ATMs. Significant weight was not placed on the bank's alternative delivery systems because they do not track how well these systems actually reach and meet the needs of low- and moderate-income individuals.

NNB continues to offer a no minimum balance checking account, "Nifty-Fifty", to senior citizens over fifty years of age, including those who are low- and moderate-income, which allows these

individuals to maintain regular checking accounts without fees. There are no other maintenance or check writing fees associated with this particular account.

The bank continues to offer the New Jersey Consumer Checking Account. (NJCCA). The targeted markets for this product are consumers who are young, low- to moderate-income individuals or elderly on fixed income. NJCCA offers a low minimum maintenance balance of \$1 before the \$3 monthly service charge is assessed. A minimum deposit of \$50 is required to open the account.

In addition, NNB offers the “Children Savings Program” in order to encourage savings for children. Bank personnel have made several presentations about the program at local schools including those schools located in low- and moderate-income geographies and for children in low- and moderate-income families. The program promotes savings through the use of coin books with \$5 in coins contained in each book. The bank will match the child’s \$5 and deposit \$10 into the account. There are no service charges.

## **Community Development Services**

### Vineland-Millville-Bridgeton PMSA

NNB provides a good level of community development services within this PMSA. Bank officers and employees assist in making a difference through their participation in seven organizations and/or functions. Activities are primarily focused on community services geared toward low- and moderate-income individuals and activities that are responsive to the identified needs regarding loan programs and assistance for start-up businesses and small business owners. The following are examples of community development services provided by NNB officers and employees.

- A member of management is an instructor for an entrepreneurial training program. This program assists individuals in understanding the business needs and how to operate a business, including obtaining financing. This is a statewide program that focuses on attracting LMI individuals in starting businesses. The Entrepreneurial Training Institute (ETI). ETI’s purpose is to assist new and future entrepreneurs in New Jersey to prepare business plans, manage day-to-day operations of business and financing options and information.
- Two employees are members of a non-profit organization that provides community services to low- and moderate-income individuals. One of them is the Treasurer of the organization and contributes accounting and bookkeeping services to the organization.
- A member of the Board of Directors was appointed to a five-year term for a local housing authority, whose main purpose is affordable housing for low- and moderate-income individuals and families.
- A member of the Board of Directors is Chairman of the Fund Drive committee for a non-profit organization that provides community services to low- and moderate-income individuals.
- A loan officer participated in a financial resource fair to educate primarily low- and moderate-income individuals and current and future small business owners on issues such as home ownership, credit repair, and small business ownership and financing.

- An employee serves on the Board of Directors for a non-profit organization located in a low-income geography whose goal is community development and to promote, maintain, and improve the businesses of its members.
- Five employees of the bank presented NNB's Children's Savings Program on nine separate occasions to primarily low- and moderate-income students.

#### Atlantic-Cape May PMSA

NNB provides an adequate level of community development services within this PMSA. The following are examples of community development services provided by NNB officers and employees.

- A member of management is an instructor for an entrepreneurial training program. This program assists individuals in understanding the business needs and how to operate a business, including obtaining financing. This is a statewide program that focuses on attracting LMI individuals in starting businesses. The Entrepreneurial Training Institute (ETI). ETI's purpose is to assist new and future entrepreneurs in New Jersey to prepare business plans, manage day-to-day operations of business and financing options and information.

#### Philadelphia PMSA

Within this PMSA, NNB provides an adequate level of community development services in this PMSA. Bank officers and employees assist in making a difference through their participation in four different organizations. Activities are primarily focused on community services geared toward low- and moderate-income individuals and small business owner education. The following are examples of community development services provided by NNB officers and employees.

- A member of management is an instructor for an entrepreneurial training program. This program assists individuals in understanding the business needs and how to operate a business, including obtaining financing. This is a statewide program that focuses on attracting LMI individuals in starting businesses. The Entrepreneurial Training Institute (ETI). ETI's purpose is to assist new and future entrepreneurs in New Jersey to prepare business plans, manage day-to-day operations of business and financing options and information.
- A member of the Board of Directors is Chairman of the Fund Drive committee for a non-profit organization that provides community services to low- and moderate-income individuals.
- Two employees addressed a group of individuals, including small business owners, about financing programs and deposit accounts.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): July 1, 2000 to December 31, 2002	
	Investment and Service Tests and CD Loans: October 6, 2000 to October 27, 2003	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Newfield National Bank (NNB) Newfield, New Jersey	Home mortgage, small loans to businesses, community development loans, and qualified investments.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
FNBN Investment Corp. (FNBN)	NNB Subsidiary	Qualified Investments.
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Vineland-Millville-Bridgeton PMSA # 8760	Full-scope	None
Atlantic-Cape May PMSA # 0560	Full-scope	
Philadelphia PMSA # 6160	Full-scope	

# Appendix B: Market Profiles for Full-Scope Areas

---

## Table of Contents

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

Vineland-Millville-Bridgeton PMSA 8760.....	B-2
Atlantic-Cape May PMSA 0560.....	B-4
Philadelphia PMSA 6160.....	B-6

## Vineland-Millville-Bridgeton PMSA 8760

Demographic Information for Full Scope Area: Vineland-Millville-Bridgeton PMSA 8760						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	29	3.45	20.69	62.07	13.79	0.00
Population by Geography	138,053	0.40	17.22	65.83	16.55	0.00
Owner-Occupied Housing by Geography	32,299	0.07	10.48	71.46	17.99	0.00
Business by Geography	5,671	7.02	15.29	60.82	16.88	0.00
Farms by Geography	228	1.75	3.07	78.07	17.11	0.00
Family Distribution by Income Level	35,383	21.12	17.29	22.82	38.77	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,591	0.69	25.38	61.95	11.98	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		34,572 50,200 13.04%	Median Housing Value Unemployment Rate (September 2003)		71,983 7.8%	

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

The Vineland-Millville-Bridgeton PMSA consists of Cumberland County in its entirety. This area is located in the southwest region of New Jersey and is comprised of 29 census tracts. There is one low-income (3%), six moderate-income (21%), eighteen middle-income (62%), and four upper-income (14%). The one low-income and two of the six moderate-income census tracts are located in Vineland. The remaining four moderate-income census tracts are located in Bridgeton.

The 1990 U.S. census reported the total population of the assessment area at 138,053. This population was comprised of 47,259 households and 35,383 families. There are 50,294 housing units of which 81% were one to four family units and 31% were rental units. Owner-occupied housing is 64.22%, rental-occupied housing is 29.46%, and 6% is vacant. The median housing cost is \$71,983.

The 1990 census non-metropolitan median income was \$34,572 and the adjusted median family income is \$50,200. Households below the poverty level are 13%. Approximately 21% of the families in the assessment area are low-income, 17% moderate-income, 23% middle-income and 39% upper-income.

According to the 2002 business demographics, there are a total of 5,671 businesses and 228 farms. Eighty one percent of the businesses reporting have revenues less than \$1 million and

eighty one percent of the farms reporting have revenues less than \$1 million. Seventy one percent of the businesses and farms reporting have less than 10 employees.

The principal centers of population and commerce in Cumberland County include Vineland, Millville, and Bridgeton. While Bridgeton is more developed, Vineland and Millville have rural areas and open spaces as well as developed core areas. According to the March 2003 top employers report by Cumberland County Department of Planning and Development, the top employers include South Jersey Hospital System, Lawson Mardon Wheaton Company, Durand Glass Manufacturing Company, Training School at Vineland, and Kimble Glass. Having stated that, our community contact advised many of the glass companies have been closing.

Based on discussions with management and our community contact, the bank's trade area has experienced economic decline during the past decade largely due to the closing of local glass factories. The December 2002 unemployment rate for Cumberland County was 8.5% versus 6.0% for the state of New Jersey. As of September 2003, the unemployment rate for this PMSA was 7.8%. Cumberland County has the highest unemployment rate in the state of New Jersey. During January of 1999, the county was designated as an Empowerment Zone (EZ) by the federal government. An EZ is an area considered in need of economic assistance. Cumberland County will receive approximate \$250 million in federal aid over the next ten years for economic development.

Competition within the county is strong, and includes branches of interstate regional banking companies, mortgage companies, and local community banks. According to the June 30, 2003 FDIC data, NNB ranks 6<sup>th</sup> in deposit market share within this PMSA with a 10% share from its four offices. Sun National Bank ranks first with 8 offices and a 22% market, followed by Minotola National Bank with 5 offices and a 15% market share, Fleet National Bank with 7 offices and a 13% market share. All of these institutions provide stiff competition for loans and deposits.

Identified credit needs of the community were determined during this examination through discussions with management and by an interview with a local community group. Both indicated that primary credit needs are affordable housing loans that provide flexible underwriting standards and small business loans. Housing related needs include financial education, homebuyer assistance, rental assistance, affordable housing construction in low- and moderate-income areas and for low- and moderate-income individuals, and single family housing rehabilitation. Economic development and assistance to support small business development, infrastructure improvement, and job creation for low-income individuals are also needed within this PMSA. Opportunities for CD loans, investments, and services are available in the county; however, there is strong competition from other financial institutions.

## Atlantic-Cape May PMSA 0560

Demographic Information for Full Scope Area: Atlantic-Cape May PMSA 0560						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00	8.33	91.67	0.00	0.00
Population by Geography	49,899	0.00	8.90	91.10	0.00	0.00
Owner-Occupied Housing by Geography	13,571	0.00	8.35	91.65	0.00	0.00
Business by Geography	2,939	0.00	5.99	94.01	0.00	0.00
Farms by Geography	152	0.00	9.21	90.79	0.00	0.00
Family Distribution by Income Level	13,328	17.57	19.70	26.06	36.67	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,968	0.00	11.65	88.35	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		39,034 51,800 9.04%	Median Housing Value Unemployment Rate (September 2003)		91,244 6.5%	

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

NNB's assessment area within the Atlantic-Cape May PMSA consists of the western census tracts of Atlantic County. NNB does not have any branches in the Atlantic-Cape May PMSA. However, this is considered part of the assessment area as it is contiguous to the other two PMSAs and the other two PMSAs have branches close to Atlantic County. The dividing line for the assessment area is the Great Egg Harbor River in the southeast, and then follows Route 50 northeast to the Burlington County border. NNB only has limited lending and deposit activity in the eastern portion of Atlantic County and the exclusion of those census tracts does not arbitrarily exclude low- or moderate-income geographies.

There are twelve census tracts in the western portion of Atlantic County. There are zero low-income (0%), one moderate-income (8%), eleven middle-income (92%), and zero upper-income (0%).

The 1990 U.S. census reported the total population of the assessment area at 49,899. This population was comprised of 17,348 households and 13,328 families. There are 18,393 housing units of which 89% were one to four family units and 22% were rental-occupied units.

Owner-occupied housing is 73.78%, rental-occupied housing is 20.23%, and 5.99% is vacant. The median housing cost is \$91,244.

The 1990 census non-metropolitan median income was \$39,034 and the adjusted median family income is \$51,800. Households below the poverty level are 9.04%. Approximately 18% of the families in the assessment area are low-income, 20% moderate-income, 26% middle-income and 37% upper-income.

According to the 2002 business demographics, there are a total of 2,939 businesses and 152 farms. Eighty one percent of the businesses reporting have revenues less than \$1 million and eighty six percent of the farms reporting have revenues less than \$1 million. Seventy two percent of the businesses and farms reporting have less than 10 employees.

Employment within this PMSA is mainly centered in retail trade, services, and construction. Some of the largest, non-casino, employers include Atlanticare Health System, Shore Memorial Hospital, Conectiv, and Wawa.

The December 2002 unemployment rate for Atlantic County was 6.2%, which has increased to 6.9% as of September 2003. The unemployment rate for the state of New Jersey was 6.0% in December 2002 and 5.8% in September 2003. As of September 2003, the unemployment rate for the Atlantic-Cape May PMSA was 6.5%.

Competition includes branches of interstate regional banking companies and large local commercial and community banks. NNB does not have a branch in this PMSA; therefore, deposit market share is unavailable. According to bank management, NNB's primary competition includes Sun National Bank, Commerce Bank, and Minotola National Bank.

The primary needs for this area include assistance to support small business development, lending to small businesses and financial literacy programs. Our internal research indicated that investment opportunities in this PMSA are limited and the organizations servicing the area are small with limited capacity. Available opportunities consist of small projects in Atlantic City, which is not part of NNB's assessment area.

## Philadelphia PMSA 6160

Demographic Information for Full Scope Area: Philadelphia PMSA 6160						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	44	0.00	2.27	70.45	27.27	0.00
Population by Geography	175,127	0.00	2.01	68.28	29.71	0.00
Owner-Occupied Housing by Geography	47,611	0.00	1.33	68.75	29.93	0.00
Business by Geography	8,166	0.00	2.80	66.42	30.77	0.00
Farms by Geography	378	0.00	0.26	71.96	27.78	0.00
Family Distribution by Income Level	46,601	14.74	16.99	26.31	41.96	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	14,787	0.00	2.93	76.74	20.33	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		41,908 63,300 5.73%	Median Housing Value Unemployment Rate (September 2003)	104,807 5.4%		

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

NNB's assessment area within the New Jersey portion of the Philadelphia PMSA consists of forty-one census tracts in Gloucester County and three in Salem County. This PMSA is comprised of zero low-income (0%), one moderate-income (2%), thirty-one middle-income (70%), and twelve upper-income (27%).

The 1990 U.S. census reported the total population of the assessment area at 175,127. This population was comprised of 58,148 households and 46,601 families. There are 60,998 housing units of which 86% were one to four family units. Owner-occupied housing is 78.05%, rental-occupied housing is 17%, and 5% is vacant. The median housing cost is \$104,807.

The 1990 census non-metropolitan median income was \$41,908 and the adjusted median family income is \$63,300. Households below the poverty level are 5.73%. Approximately 15% of the families in the assessment area are low-income, 17% moderate-income, 26% middle-income and 42% upper-income.

According to the 2002 business demographics, there are a total of 8,166 businesses and 378 farms. Eighty one percent of the businesses reporting have revenues less than \$1 million and

eighty nine percent of the farms reporting have revenues less than \$1 million. Seventy three percent of the businesses and farms reporting have less than 10 employees.

The landscape of the PMSA ranges from urban concentrations and suburban bedroom communities to rural/agricultural locations. The local economy is diverse as employment opportunities can be found in the various manufacturing, agriculture, retail, healthcare, and professional industries based within the area. The major private sector employers include Rowan University, Underwood Memorial Hospital, US Food Services, and Kennedy Memorial Hospital.

The December 2002 unemployment rate for Gloucester County was 5.1%, increasing to 5.6% in September 2003. The December 2002 unemployment rate for Salem County was 6.9%, declining to 6.2% in September 2003. The unemployment rate for the state of New Jersey was 6.0% in December 2002 and 5.8% in September 2003. As of September 2003, the unemployment rate for the Philadelphia, PA--NJ PMSA was 5.4%.

Primary competitors in this PMSA are #1-Wachovia Bank, NA with 242 offices and a 24% of deposits, #2-PNC Bank, NA with 156 offices and 12% of deposits, #3-Citizens Bank of PA with 163 offices and 11% of deposits and #4-Commerce Bank, NA with 42 offices and 5% of deposits. These four banks comprise 52% of the total deposits in this PMSA.

Identified credit needs of the community were determined during this examination through discussions with management, internal research, and by an interview with a local community group. The primary credit needs are housing related, community development, and infrastructure improvement. Opportunities for CD loans, investments, and services are available in the county; however, there is strong competition from other financial institutions.

## Appendix C: Tables of Performance Data

---

### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

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

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

bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

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

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

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

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: NEWFIELD BY PMSA						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Vineland-Millville-Bridgeton PMSA	46.73	397	24,466	538	61,592	1	75	0	0	936	86,133	42.19
Atlantic-Cape May PMSA	10.23	108	7,277	97	11,020	0	0	0	0	205	18,297	0.00
Philadelphia PMSA	43.04	491	28,528	370	38,208	1	18	0	0	862	66,754	57.81

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

\*\* The evaluation period for Community Development Loans is From July 01, 2000 to December 31, 2002.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: NEWFIELD BY PMSA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Vineland-Millville-Bridgeton PMSA	74	50.34	0.07	0.00	10.48	4.05	71.46	59.46	17.99	36.49	1.19	0.00	0.00	1.27	1.62	
Atlantic-Cape May PMSA	13	8.84	0.00	0.00	8.35	46.15	91.65	53.85	0.00	0.00	0.60	0.00	5.33	0.28	0.00	
Philadelphia PMSA	60	40.82	0.00	0.00	1.33	1.67	68.75	86.67	29.93	11.67	0.47	0.00	0.00	0.53	0.38	

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

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

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

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

Geographic Distribution: HOME IMPROVEMENT			Geography: NEWFIELD BY PMSA						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Vineland-Millville-Bridgeton PMSA	127	36.81	0.07	0.00	10.48	6.30	71.46	64.57	17.99	29.13	9.79	0.00	6.12	7.91	20.00
Atlantic-Cape May PMSA	31	8.99	0.00	0.00	8.35	25.81	91.65	74.19	0.00	0.00	4.02	0.00	10.00	3.77	0.00
Philadelphia PMSA	187	54.20	0.00	0.00	1.33	0.53	68.75	96.26	29.93	3.21	4.40	0.00	0.00	6.49	0.76

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NEWFIELD BY PMSA						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Vineland-Millville-Bridgeton PMSA	196	38.89	0.07	0.00	10.48	2.55	71.46	62.24	17.99	35.20	2.98	0.00	1.32	2.76	4.31
Atlantic-Cape May PMSA	64	12.70	0.00	0.00	8.35	29.69	91.65	70.31	0.00	0.00	1.90	0.00	10.99	1.32	0.00
Philadelphia PMSA	244	48.41	0.00	0.00	1.33	0.00	68.75	94.26	29.93	5.74	1.06	0.00	0.00	1.61	0.09

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

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: NEWFIELD BY PMSA						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography'				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Vineland-Millville-Bridgeton PMSA	538	53.53	7.02	5.76	15.29	8.92	60.82	45.17	16.88	40.15	10.14	11.38	8.03	8.48	18.69
Atlantic-Cape May PMSA	97	9.65	0.00	0.00	5.99	24.74	94.01	75.26	0.00	0.00	0.82	0.00	2.33	0.91	0.08
Philadelphia PMSA	370	36.82	0.00	0.00	2.80	0.54	66.42	91.62	30.77	7.84	2.99	0.00	0.99	4.05	1.09

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

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

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

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: NEWFIELD BY PMSA						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002							
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Vineland-Millville-Bridgeton PMSA	1	50.00	1.75	0.00	3.07	0.00	78.07	100.00	17.11	0.00	12.50	0.00	0.00	25.00	0.00
Atlantic-Cape May PMSA	0	0.00	0.00	0.00	9.21	0.00	90.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Philadelphia PMSA	1	50.00	0.00	0.00	0.26	0.00	71.96	100.00	27.78	0.00	0.00	0.00	0.00	0.00	0.00

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

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

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

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEWFIELD BY PMSA						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid
<b>Full Review:</b>																
Vineland-Millville-Bridgeton PMSA	74	50.34	21.12	8.11	17.29	12.16	22.82	28.38	38.77	51.35	1.51	0.92	0.46	1.04	3.02	
Atlantic-Cape May PMSA	13	8.84	17.57	0.00	19.70	15.38	26.06	15.38	36.67	69.23	0.75	0.00	0.47	0.00	1.64	
Philadelphia PMSA	60	40.82	14.74	6.78	16.99	32.20	26.31	23.73	41.96	37.29	0.57	0.86	0.70	0.72	0.31	

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

\*\* As a percentage of loans with borrower income information available. No information was available for 0.68% of loans originated and purchased by BANK.

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

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

## Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NEWFIELD BY PMSA						Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Vineland-Millville-Bridgeton PMSA	127	36.81	21.12	9.52	17.29	21.43	22.82	26.19	38.77	42.86	10.47	8.57	9.64	8.96	12.36
Atlantic-Cape May PMSA	31	8.99	17.57	13.33	19.70	10.00	26.06	33.33	36.67	43.33	4.24	10.00	2.33	3.03	5.13
Philadelphia PMSA	187	54.20	14.74	15.64	16.99	26.82	26.31	29.61	41.96	27.93	4.38	10.48	5.38	5.00	2.54

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

\*\* As a percentage of loans with borrower income information available. No information was available for 2.90% of loans originated and purchased by BANK.

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: NEWFIELD BY PMSA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Vineland-Millville-Bridgeton PMSA	196	38.89	21.12	2.58	17.29	15.46	22.82	24.74	38.77	57.22	3.87	0.97	4.28	2.83	4.72
Atlantic-Cape May PMSA	64	12.70	17.57	0.00	19.70	10.94	26.06	37.50	36.67	51.56	2.54	0.00	1.50	3.73	2.47
Philadelphia PMSA	244	48.41	14.74	11.34	16.99	17.23	26.31	26.89	41.96	44.54	1.40	2.42	1.45	1.41	1.25

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

\*\* As a percentage of loans with borrower income information available. No information was available for 1.59% of loans originated and purchased by BANK.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEWFIELD BY PMSA			Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share	
	#	% of Total**	% of Businesses***	% BANK****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Vineland-Millville-Bridgeton PMSA	538	53.53	80.87	58.74	64.13	25.28	10.59	10.14	15.78
Atlantic-Cape May PMSA	97	9.65	81.01	70.10	73.20	9.28	17.53	0.82	1.63
Philadelphia PMSA	370	36.82	81.18	68.92	71.35	16.49	12.16	2.99	5.35

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

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

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

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.28% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: NEWFIELD BY PMSA		Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Vineland-Millville-Bridgeton PMSA	1	50.00	81.14	0.00	100.00	0.00	0.00	12.50	0.00
Atlantic-Cape May PMSA	0	0.00	86.18	0.00	0.00	0.00	0.00	0.00	0.00
Philadelphia PMSA	1	50.00	88.89	100.00	100.00	0.00	0.00	0.00	0.00

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

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

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

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEWFIELD BY PMSA				Evaluation Period: OCTOBER 6, 2000 TO OCTOBER 27, 2003			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Vineland-Millville-Bridgeton PMSA	0	0	26	114	26	114	19.12	0	0
Atlantic-Cape May PMSA	0	0	5	4	5	4	0.67	0	0
Philadelphia PMSA	0	0	9	463	9	463	77.68	0	0
Statewide/Regional	0	0	1	15	1	15	2.52	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: NEWFIELD BY PMSA									
Evaluation Period: OCTOBER 6, 2000 TO OCTOBER 27, 2003																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Vineland-Millville-Bridgeton PMSA	42.19	4	40	25.00	0.00	25.00	50.00	1	0	0	0	+1	0	0.40	17.22	65.83	16.55
Atlantic-Cape May PMSA	0.00	0	0	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	8.90	91.10	0.00
Philadelphia PMSA	57.81	6	60	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	2.01	68.28	29.71

