

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

September 11, 2000

## Community Reinvestment Act Performance Evaluation

Equity Bank, NA  
Charter Number: 12617

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

## Table of Contents

|   |     |
|---|-----|
| <b>General Information</b> .....  | 1   |
| <b>Definitions and Common Abbreviations</b> .....                               | 2   |
| <b>Overall CRA Rating</b> .....   | 5   |
| <b>Description of Institution</b> .....   | 6   |
| <b>Fair Lending Review</b> .....  | 8   |
| <b>Scope of Evaluation</b> .....  | 9   |
| <b>Conclusions with Respect to Performance Tests</b>                            |     |
| Lending Test .....  | 12  |
| Investment Test .....   | 20  |
| Service Test.....   | 21  |
| <b>Appendix A: Scope of Evaluation</b> .....                                    | A-1 |
| <b>Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews</b> ..... | B-1 |
| <b>Appendix C: Tables of Performance Data</b> .....                             | C-1 |

## General Information

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

*This document is an evaluation of the CRA performance of **Equity Bank, NA**, prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **September 11, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Overall CRA Rating

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

The following table indicates the performance level of **Equity Bank, NA** with respect to the Lending, Investment, and Service Tests:

| Performance Levels        | Equity Bank, NA<br>Performance Tests |                 |              |
|---------------------------|--------------------------------------|-----------------|--------------|
|                           | Lending Test*                        | Investment Test | Service Test |
| Outstanding               |                                      |                 |              |
| High Satisfactory         | <b>X</b>                             | <b>X</b>        |              |
| Low Satisfactory          |                                      |                 | <b>X</b>     |
| 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:

- A good distribution of loans to borrowers of different income levels and small loans to small businesses. An excellent distribution of small loans to small farms.
- A good distribution of small business lending among geographies.
- An adequate distribution of home mortgage loans among geographies.
- Flexible lending practices that had a positive impact on the bank's lending performance.
- Community development lending had a neutral impact on the lending test rating.
- A good level of qualified investments that are responsive to identified needs in the assessment area.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.
- An adequate level of community development services provided in the

assessment area.

## Description of Institution

Equity Bank, NA ("EBNA"), headquartered in Marlton, New Jersey, is a wholly-owned subsidiary of Susquehanna Bancshares, Inc. ("Susquehanna"), a \$4.3 billion multi-bank holding company, located in Lititz, Pennsylvania. On February 3, 1997, the Federal Reserve approved the sale of Equity National Bank to Susquehanna. On October 1, 1998, the bank changed its name to Equity Bank, NA, and merged with Farmers National Bank, Mullica Hill, NJ. EBNA has one operating subsidiary - EB Corporation - a Delaware investment subsidiary. This subsidiary does not have an impact on the bank's capacity for community reinvestment.

On December 16, 1998, Susquehanna acquired Cardinal Bancorp, Inc., a Pennsylvania one bank holding company with \$138 million in assets, \$114 million in deposits and five branch offices. On January 4, 1999, Susquehanna acquired First Capitol Bank, a Pennsylvania commercial bank with \$111 million in assets and \$93 million in deposits. The holding company is comprised of nine commercial banks and a savings bank located in the states of New Jersey, Maryland and Pennsylvania, and a mortgage company - Susquehanna Mortgage Company. The bank did not request us to include affiliate activity in the evaluation.

EBNA is an intrastate community bank providing a full range of retail and commercial banking services, within a market area that includes Burlington, Camden, Gloucester, and northern Atlantic counties. The bank's branch network presently consists of 12 full-service offices with another branch opening scheduled for the fourth quarter of 2000. Ten locations are equipped with automatic teller machines (ATMs), and all but one location has a drive-through facility. EBNA operates one office located within a retirement community. Similar services are provided at this location, but office hours are limited.

Two branches were opened during the evaluation period. Both branches are located in middle-income census tracts. No branches were closed during the evaluation period. The bank's primary businesses include traditional community bank deposit and credit services. On August 7, 2000, the bank began offering trust services through Susquehanna Trust & Investment Company, an operating subsidiary of the holding company. EBNA's lending focus is commercial loans to small businesses.

The bank is a participant in the Small Business Administration (SBA) Lending Program.

As of June 30, 2000, EBNA reported total assets of \$337 million, net loans of



\$215 million and investments of \$93 million. The composition of the loan portfolio includes commercial and commercial real estate loans of \$97 million (45%), construction loans of \$41 million (19%), residential mortgages of \$28 million (13%), home equity loans of \$24 million (11%), and consumer loans of \$20 million (9%). During the evaluation period the bank sold the majority its home purchase loans to the Susquehanna Mortgage Company, a subsidiary of the holding company. EBNA established a mortgage loan department in March 2000. The bank will offer long term residential mortgages. Agricultural lending is not a primary business line of the bank. Agriculture, municipal and loans classified as "other" totaling \$6 million (3%) represented the balance of the portfolio. As of June 30, 2000, EBNA reported Tier 1 capital of \$26 million.

Competition in the bank's trade area is strong, and includes branches of interstate regional banking companies as well as several large local commercial banks, S&Ls, and other financial institutions. EBNA is ranked 68<sup>th</sup> out of 334 mortgage lenders in their assessment area for all mortgage products, with an overall market share of 0.25%. Three direct competitors (Commerce Bank, N.A., Bank of Gloucester County and Hudson United Bank) all ranked higher than EBNA for all mortgage related products.

There are no known financial, legal or other factors impeding EBNA's ability to meet its community's credit needs. EBNA's last CRA assessment was dated October 14, 1998. The bank received a "Satisfactory" rating.

## **Fair Lending Review**

An analysis of 1998 HMDA, Small Business, and Small Farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of this data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1998.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The lending test portion of this CRA evaluation included a review of home purchase, home improvement and home refinance loans as well as small business loans and small farm loans originated or purchased from January 1, 1998 through June 30, 2000. Home purchase, home improvement and home refinance loans (HMDA) were evaluated for the entire year of 1998, since EBNA filed a consolidated Loan Application Register (LAR) that year. In 1998, the bank merged with Farmers National Bank, Mullica Hill, NJ. The same time period was used for consistency in evaluating small business and small farm loans.

The service test and investment test portions of this CRA evaluation covered a review of the bank's qualified community development investments and retail and community development services provided from January 1, 1998 through September 11, 2000. There were no community development loans made during the evaluation period. The bank had legally binding community development loan commitments that were not funded during the evaluation period. EBNA's last CRA Public Evaluation, dated October 14, 1998, reviewed the bank's Home Mortgage Disclosure Act (HMDA) loan activity from January 1, 1996 to June 30, 1998, and small business and residential construction lending activity from January 1, 1996 to October 14, 1998.

The market share and peer lender comparisons contained in the lending test are based on the information contained in the aggregate HMDA, small business, and small farm reports for 1998.

### Data Integrity

As part of this CRA evaluation, publicly filed information for HMDA reportable loans and loans to small businesses were tested for accuracy.

Overall, the data integrity of HMDA reportable loans and loans to small businesses is considered accurate. While errors were detected in key fields for mortgage and home equity loans sampled, the volume of these findings do not materially impact data integrity. Internal bank procedures to collect and verify the accuracy of information are satisfactory.

Information from the bank's 1999 HMDA loan application register was reviewed and tested for accuracy by comparing it to the loan file data. The bank's CRA small business lending data was also verified for accuracy by comparing

submission data to information contained in the loan files. Our sample consisted of 30 HMDA records and 10 business loans. During a follow-up CRA review in June 1999, a data integrity check was performed covering July 1, 1998 to June 30, 1999. A sample of 10 HMDA files and 67 business files was tested, and the overall data integrity was considered good.

Community Development (CD) loans, investments and services submitted by management were also verified to ensure that they met the regulatory definition for community development.

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

EBNA has one assessment area that includes Burlington, Camden, Gloucester and the northern portion of Atlantic Counties. This assessment area is comprised of 260 census tracts in MSA 6160 and MSA 0560 which is part of the Philadelphia, Wilmington, Atlantic City CMSA. This area received a full-scope review and EBNA's CRA ratings are based on the results of this review. Refer to the table in Appendix A for more information.

### **Ratings**

The bank's overall rating is based primarily on the full-scope review of the bank's performance in the assessment area. Loans to small businesses and home improvement loans are primary products and thus were weighted more heavily than home purchase and home refinance loans.

### **Other**

Recent contacts with community organizations in the bank's AA include the following: a non-profit housing development organization engaged in building housing for sale and rental units for low-income families and individuals in the North Camden area; a non-profit social service agency and housing development organization engaged in a variety of social service programs throughout Camden County and housing construction for low-and moderate-income families and individuals in the Cramer Hill section in the City of Camden; and a Community Development Financial Institution which provides loans and technical assistance to facilitate affordable housing, small business and economic development.

We also reviewed one community contact made by another regulatory agency during the past two years. This government agency provides subsidized housing and affordable housing for low- and moderate-income individuals and families in Gloucester County.

Based on these contacts, the bank's assessment area has the following needs, which we considered in our evaluation of EBNA's performance under the Lending, Investment and Service Tests:

- affordable rental and single family housing, especially in urban areas with high concentrations of low- and moderate-income populations;
- affordable home mortgage products targeted to low- and moderate-income individuals, especially home improvement/rehab products due to the large stock of older homes; and
- technical support, entrepreneurial training, credit counseling, and increased awareness of loan programs for start-up and small businesses.

Discussions were also held with management to determine credit needs of the community. Affordable housing development, mortgage programs for first-time homebuyers and funding to support a sewer and water connection project for needy residents were cited as primary credit needs. Financial counseling and low minimum deposit products were identified as needed services.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

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

EBNA's performance under the Lending Test is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the assessment area is good.

#### **Lending Activity**

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

As of June 30, 2000, EBNA had \$298 million in deposits throughout the state of New Jersey, ranking it ninth with a market share of 2.1% in their assessment area. Market share of deposits is as of June 30, 1999 and for all FDIC insured institutions operating in Philadelphia CMSA - New Jersey counties. The majority of those deposits (46%) were in Camden County, where the bank was originally chartered in 1925 in Atco, New Jersey.

EBNA's lending levels reflect good responsiveness to its assessment area credit needs. During the evaluation period, EBNA originated 757 reportable loans within its assessment area for approximately \$52 million. Most of these loans (582 or 77%) are home mortgage loans, with the majority of those (353 or 61%) being home improvement loans. EBNA is active in lending to small businesses. During the evaluation period, the bank originated 159 small business loans for approximately \$24 million. EBNA's record of lending activity to small farms within their assessment area is excellent, having originated over \$2 million in loans as a result of the merger with Farmers National Bank in October 1998.

In 1998, EBNA ranked 16<sup>th</sup> out of 104 small business lenders, with a 1.6% market share, which compares favorably with its deposit market rank and market share when considering the strong competition for these loans in the assessment area. Twelve large nationwide and regional financial institutions ranked higher than EBNA for small business loans.

The bank is ranked first in small loans to farms in their assessment area, with an overall market share of 30.3%, which exceeds its deposit market ranking, and market share.

The bank is ranked 12<sup>th</sup> in its assessment area for home improvement loans with

an overall market share of 1.9%, and also compares favorably to their deposit market ranking and market share. Affordable home improvement loans were identified as a credit need by one community contact due to the large stock of older homes located within the assessment area. The average age of the housing stock in low-income geographies is 38 years, based on 1990 Census information.

Home purchase loans comprised 23% of home mortgage loan originations, with 132 loans. EBNA is ranked 79<sup>th</sup> out of 334 mortgage lenders in their assessment area for home purchase mortgages, with a market share of less than 1%. Home refinance loans comprise 17% with 97 loans. The bank is ranked 115<sup>th</sup> with a market share of less than 1%.

EBNA originates and subsequently sells its home purchase loans, except for the First Time Homebuyers home mortgage product, to Susquehanna Mortgage Company, their mortgage affiliate. These loans are not reported on the bank's HMDA-LAR, since the Mortgage Company makes the credit decision. EBNA originated \$3.5 million in mortgage loans, which were sold to Susquehanna Mortgage Company, a wholly owned subsidiary of the holding company, during the evaluation period.

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

The geographic distribution of EBNA's small loans to businesses reflects good penetration throughout the assessment area geographies. Home mortgage loans and small loans to farms reflect adequate penetration.

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

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

The geographic distribution of EBNA's home purchase loans is good, while the geographic distribution of home refinance and home improvement loans is adequate.

The bank has good geographic penetration for home purchase loans, originating 3% of its loans in low-income tracts (compared to 3% of all owner occupied units in those tracts) and 5% of its loans in moderate-income tracts (compared to 6% of all owner occupied units in those tracts). EBNA's market share in moderate-income tracts is equal to its overall market share.

The bank's geographic distribution of home improvement loans is adequate when

considering that 91% of the opportunities for these loans are located in the middle- and upper-income census tracts. Additionally, there is strong competition for these loans in low- and moderate-income census tracts. There are 265,583 owner-occupied housing units in the assessment area. Ninety-one percent or 243,168 of these units are located in middle and upper-income census tracts. Three percent or 7,152 owner-occupied units are located in low-income census tracts. Six percent or 15,180 owner-occupied units are located in moderate-income census tracts. Of the 28 lenders in the assessment area, two large regional banking institutions (Summit Bank and PNC Bank) have a combined market share of 64%.

No home improvement loans were made in low-income tracts (compared to 3% of all owner occupied units within those tracts) and 1% of home improvement loans were made in moderate-income tracts (compared to 6% of all owner occupied units within those tracts). EBNA's market share for home improvement loans in moderate-income geographies is below its overall market share.

Refinance loan geographic distribution is adequate. The percentage of refinance loans made in both low- and moderate-income tracts is below the percentage of owner-occupied housing units that are within those geographies. The bank originated 1% of its loans in low-income tracts (compared to 3% of all owner occupied units in those tracts) and 2% of its loans in moderate-income tracts (compared to 6% of all owners). EBNA's market share of loans in low- and moderate-income geographies exceed its overall market share.

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

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

EBNA's geographic distribution of small business loans is good. Three percent of the bank's small loans to businesses were originated in low-income tracts, compared to 3% of all area businesses located in those tracts. The percentage of small loans to businesses in moderate-income tracts is near to the number of small businesses located in moderate-income tracts (4% compared to 6% of all businesses). The bank's market share of small loans to businesses in moderate-income tracts substantially meets its overall market share. In low-income tracts, the bank's market share of small loans to businesses is below its overall market share.

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

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 farms.

EBNA's geographic distribution of small loans to farms is adequate when considering that agricultural lending is not a primary product line for the bank, and that the significant majority of the opportunities to make farm loans are in the middle and upper-income census tracts.

There are 987 farms located in the assessment area. Ninety-six percent of the farms, representing 946 farms are located in middle- and upper-income census tracts. One-percent or only 8 farms are located in low- income census tracts. Three percent, representing 33 farms are located in moderate-income census tracts.

EBNA originate 16 loans totaling \$1.36 million to farms in middle- and upper-income census tracts. The bank made no farm loans in low- and moderate-income geographies. The opportunities for making small loans to farms in low- and moderate-income census tracts is limited since only 4% or 41 of the farms are located in low- and moderate-income census tracts. The bank is ranked first in originating small loans to farms with a market share of 30%, in its assessment area.

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

Reports detailing EBNA's lending activity over the evaluation period for home mortgage loans, small loans to businesses and small loans to farms were reviewed to identify conspicuous gaps in the geographic distribution of those loans. No unexplained or conspicuous gaps were identified.

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

EBNA's record of lending within its assessment area is good. A majority of the home mortgage loans, small loans to businesses and small loans to farms originated over the evaluation period were within the assessment area. Eighty percent of the bank's home mortgage loans, 51% of the loans to small businesses and 62% of loans to small farms originated were within its assessment area.

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

The borrower distribution of EBNA's home mortgage loans and small loans to businesses reflects a good dispersion among borrowers of different income levels throughout the assessment area, while the distribution of loans to small farms reflects an excellent dispersion among borrowers of different income levels throughout the assessment area.

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

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

The borrower distribution of EBNA's home mortgage loans reflects a good dispersion among borrowers of different income levels throughout the assessment area.

Home purchase loan distribution by borrower income level is excellent especially when considering that a low-income person has difficulty affording a home, in the assessment area, based on the cost of housing compared to the median family income for a low-income person. The average cost of housing in the assessment area is \$107 thousand, based on 1990 Census data. The HUD updated median family income is \$57,669 based on 2000 data. A low-income person earns less than \$28,834. Additionally, 7.31% of the households are below the poverty level.

The percentage of lending to both low- and moderate-income borrowers significantly exceeds the demographic profile for low-income and moderate-income families in the area. In addition, EBNA's market share for home purchase loans to low-income and moderate-income borrowers exceeds its overall market share for home purchase loans. The bank's performance for home purchase lending to low- and moderate-income borrowers is primarily based on their First Time Home Buyers product. Refer to Product Innovation and Flexibility for details regarding this program.

Home improvement loan distribution by borrower income level is good especially when considering that the opportunities for home improvement loans are limited for low-income borrowers based on the cost of housing as discussed above. The percentage of loans to moderate-income borrowers (17%) was equal to the percentage of moderate-income families in the assessment area. Eight percent of the bank's loans were to low-income borrowers (compared to 16% of the low-income families). EBNA's market shares of both low-income (1.6%) and moderate-income borrowers (1.5%) substantially meets the bank's overall market share of 1.9% for home improvement loans in the assessment area.

Home refinance loan distribution by borrower income level is good especially when considering that the opportunities for home refinance loans are limited for low-income borrowers based on the cost of housing as discussed above. The percentage of refinance loans to both low- and moderate-income borrowers is 10% and 13% (compared to 16% and 17%, respectively for low- and moderate-income

families). Market share for low- and moderate-income borrowers is less than 1% (0.2%) for both categories, but exceeds the overall market share of 0.1% for this product.

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

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to small businesses is good when considering the strong competition for these loans, in the assessment area. Two non-bank financial institutions and five large regional banking institutions dominate the market with a total market share of 74%. The two non-banking financial institutions have a 49% market share and the five banking institutions have a 25% market share.

Eighty-five percent of the assessment area's businesses have annual revenues of \$1 million or less. EBNA originated 65% of its small loans to businesses with annual revenues of \$1 million or less. In addition, EBNA's market share of loans to small businesses with revenues of \$1 million or less exceeded its overall market share for all business loans. Sixty percent of the bank's small loans to businesses were for an original loan amount of \$100 thousand or less, with an average loan size of \$45 thousand. This is another indication that EBNA's business lending is primarily to small businesses.

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

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

The distribution of small loans to farms is excellent. Ninety-three percent of the assessment area's farms have annual revenues of \$1 million or less. EBNA originated 94% of its small loans to farms. Also, the bank's market share of loans to small farms exceeded the overall market share for all farm loans. Eighty-two percent of the bank's small loans to farms were for an original amount of \$100 thousand or less.

## Community Development Lending

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

Community development lending had a neutral impact on the bank's lending test rating.

EBNA has legally binding commitments totaling \$4.1 million to fund construction projects in low-income areas within the City of Camden, NJ. These loans have a community development purpose but have not been funded during the evaluation period. These loans are discussed below.

**Gateway Plaza** - a \$2.6 million construction/permanent loan provided to a non-profit corporation. The project involves the construction of a 56,000-sq. ft. retail-shopping complex. This project will revitalize and stabilize the City of Camden.

**Arthur's Court III** - a \$550 thousand revolving construction loan to a non-profit organization to finance the construction of 30 single-family units targeted for low-income families.

**Cramer Hill Head Start Child Care Center** - a \$950 thousand construction/permanent loan to finance the construction of an 11,784 sq. ft. day care center that primarily benefits low- and moderate-income individuals in the City of Camden.

Additionally, EBNA has funded small business loans totaling \$2.9 million that have community development purposes. These loans were reported in the bank's CRA small business loan register and evaluated during the review period as small business loans.

## Product Innovation and Flexibility

Flexible lending practices had a positive impact on the Lending Test conclusions.

EBNA makes use of flexible home mortgage lending practices throughout its assessment areas, especially to low- and moderate-income areas and individuals. Brief descriptions of the bank's involvement in flexible loan programs follows:

EBNA offers a First Time Homebuyers Mortgage Program. This mortgage product is designed to assist low- and moderate-income borrowers in obtaining affordable housing. The loan program is flexible, allowing for below market rates of interest, fixed for 30 years, with no points, reduced applications fees and flexible

underwriting (i.e., minimum 3% down payment, and no private mortgage insurance.) Under this program, EBNA has originated 46 loans during the evaluation period totaling over \$3 million.

EBNA offers a Home Equity Loan Program to low- and moderate-income borrowers for home improvements and debt consolidation. Loan amounts are up to \$10 thousand, interest rates are reduced one and three quarter percent, and the loan-to-value ratio is relaxed to 90%. EBNA has originated 25 loans totaling \$610 thousand in its assessment area under this program.

The Handicap Access Improvement Loan Program provides financing to Section 8 applicants for handicap accessible home improvements. This program primarily benefits low-and moderate-income individuals. To date, no loans have closed.

EBNA is a member of the Federal Home Loan Bank of NY Affordable Housing Program (AHP). Under these programs, the bank has originated 19 loans during the evaluation period totaling approximately \$5 million. The bank's share in the FHLB of NY AHP was \$48 thousand during the evaluation period.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Philadelphia - New Jersey CMSA is good.

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

We determined through community contacts and our internal research that there is ample opportunity for qualified investments in the bank's assessment area. The types of investments available include mortgage-backed securities, affordable housing bonds, small business loan funds, and donations and grants to qualified organizations. The bank's investments are made to an array of enterprises, which consist of affordable housing investments to non-profit organizations, economic development authorities small business loan fund and community service organizations. These investments are responsive to identified credit needs for affordable home mortgage loans and housing development to low- and moderate-income areas and loans to small businesses. None of the investments made during the evaluation period are considered innovative or complex. All of the investments identified below are within the bank's assessment area.

EBNA made 16 qualified investments during the evaluation period totaling \$1.1 million. In addition, the bank has \$384 thousand in unfunded commitments to purchase targeted mortgage-back securities.

Of the total investments, \$433 thousand represents three mortgage-backed securities backed by loans originated entirely within the bank's assessment area to low-and moderate-income borrowers.

EBNA purchased a \$620 thousand municipal bond issued by the Gloucester County NJ Housing Development Corp. The bond issued financed Woodlake Apartments, a development supported by HUD Section 8, subsidy, for housing primarily for low-income families.

EBNA also made qualified contributions to 12 organizations that help provide economic development, affordable housing and community services to low- and moderate-income individuals and communities. These grants and donations during the evaluation period totaled approximately \$30 thousand.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in the Philadelphia - NJ CMSA is adequate.

### **Retail Banking Services**

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

EBNA's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area. EBNA provides banking services throughout the main trade areas within its assessment area with twelve branch locations. Fifty percent of the branches are located in middle-income tracts with the remaining 50% located in upper-income tracts. The majority of the population resides within middle-income (55%) and upper-income (32%) geographies. Two of the branches in Camden County are readily accessible to moderate-income tracts, within five miles. Branching activity during the review period reflects continued bank expansion and no branch closings. Two branches were opened during the evaluation period and are situated in middle-income tracts.

EBNA offers automatic teller machines (ATMs) to its customer base at each location, and all but one location has a drive-through facility. Eleven of the branches are full-service with normal banking hours, extended lobby and drive-in hours. Nine of the 12 branches also have Saturday hours. EBNA operates one office located within a retirement community. Similar services are provided at this location, but office hours are limited to two days per week and to residents of the facility.

EBNA offers a variety of products and services targeted to the needs of the community. These services are equally accessible by all bank customers, including low- and moderate-income individuals. Deposit services include low cost and minimum balance checking accounts and low cost checking accounts for customers age 50 and over.

Alternative delivery systems include account access at any ATM worldwide that participates in the VISA/PLUS network, bank-by-phone and Internet banking. The bank offers an automated direct dial access service 24 hours a day, seven days a week. Bank-by-phone services include balance inquiries, account transfers

between accounts, current rate information and special offers. Internet banking services include account inquiries, retrieving account statements, funds transfer, applying for loans and optional bill payment services for a low monthly fee. The bank does not track these services to determine if they reach low- and moderate-income individuals or geographies. Therefore, we did not place any weight on alternative delivery systems when arriving at our overall conclusion under the Service Test.

### **Community Development Services**

EBNA provides an adequate level of community development services to a variety of organizations within the assessment area. The following are examples of community development services provided by SNB employees:

Home Start, Inc. - a non-profit organization that provides financial counseling to low- and moderate-income first-time homebuyers. The CRA Officer is a member of the Board of Trustees.

Economic Development Committee - this non-profit organization is a HUD certified counseling agency that provides credit counseling to low- and moderate-income first-time homebuyers. They also purchase city owned building lots for single family new construction for sale to low- and moderate-income families. A loan officer is a member of the Board of Trustees.

Genesis Housing Corporation - a non-profit organization that provides financial counseling and purchases and rehabilitates homes for sale to low- and moderate-income applicants. One officer provides educational presentations on mortgage lending at quarterly seminars. One bank employee provides credit counseling and educational presentations on mortgage lending to low- and moderate-income individuals in need at the branch offices.

EBNA also offers low opening deposit and low minimum balance savings accounts for welfare recipients.



## Appendix A: Scope of Examination

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

|  |   |                          |
|--|---|--------------------------|
| <b>Time Period Reviewed</b>  | Lending Test: January 1, 1998 to June 30, 2000<br>Investment Test: January 1, 1998 to September 11, 2000<br>Service Test: January 1, 1998 to September 11, 2000 |                          |
|  | <b>Products Reviewed</b>  |                          |
| Equity Bank, N.A. ("EBNA")<br>Marlton, New Jersey  | Home mortgages, small business, and small farm loans  |                          |
| <b>Affiliate(s)</b>  | <b>Affiliate Relationship</b>   | <b>Products Reviewed</b> |
| NA   |   |                          |
| <b>List of Assessment Areas and Type of Examination</b>  |   |                          |
| <b>Assessment Area</b>   | <b>Type of Exam</b>   | <b>Other Information</b> |
| Burlington, Camden, Gloucester and northern Atlantic Counties in the Philadelphia/Atlantic City, NJ CMSA #6160 and #0560 | Full Scope  | None                     |

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

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### **Table of Contents**

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

Burlington, Camden, Gloucester, and northern Atlantic Counties .....B-2

## Burlington, Camden, Gloucester, and northern Atlantic Counties in the Philadelphia, PA /Atlantic City, NJ CMSA

| Demographic Information for Full-Scope Area: (MSAs #6160 and #0560)         |            |                      |                    |                  |                 |               |
|---|------------|----------------------|--------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #          | Low<br>% of #        | Moderate<br>% of # | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)  | 260        | 5%                   | 8%                 | 56%              | 28%             | 3%            |
| Population by Geography   | 1,020,488  | 6%                   | 7%                 | 55%              | 32%             | 0%            |
| Owner-Occupied Housing by Geography   | 265,583    | 3%                   | 6%                 | 56%              | 35%             | 0%            |
| Businesses by Geography   | 40,764     | 3%                   | 6%                 | 51%              | 39%             | 1%            |
| Farms by Geography  | 987        | 1%                   | 3%                 | 58%              | 37%             | 0%            |
| Family Distribution by Income Level   | 269,616    | 16%                  | 17%                | 25%              | 42%             | 0%            |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 87,830     | 12%                  | 12%                | 59%              | 17%             | 0%            |
| Median Family Income  | = \$41,862 | Median Housing Value |                    | = \$107,025      |                 |               |
| HUD Adjusted Median Family Income for 2000                                  | = \$57,669 | Unemployment Rate    |                    | = 3.93%          |                 |               |
| Households Below the Poverty Level  | = 7.31%    |                      |                    |                  |                 |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 1999 HUD updated MFI.

EBNA has one defined assessment area including Burlington, Camden, Gloucester and the northern portion of Atlantic Counties. The assessment area includes portions of MSA 6160 and MSA 0560, which is part of the Philadelphia, Wilmington, Atlantic City CMSA.

The area is comprised of 260 census tracts consisting of 14 low-income (5%), 20 moderate-income (8%), 147 middle-income (56%), and 72 upper-income (28%) census tracts. The City of Camden contains the majority of the area's low-income tracts with 13 (93%), and 6 (30%) of the moderate-income tracts. Camden County contains the majority of the assessment area's moderate-income tracts with 15 (75%). Other counties containing low- or moderate-income census tracts are: Burlington, one low income and two moderate income; and Gloucester, three moderate income.

The landscape of the four county assessment area ranges from urban concentrations and suburban bedroom communities to agricultural locations. The local economy is diverse as employment opportunities can be found in the various manufacturing, healthcare, retail, agriculture, and professional industries based within this area. Major employers include Lockheed Martin Corporation, Virtu, Kennedy and Cooper Health Systems, Cendant Mortgage Services, Our Lady of Lourdes Health Services, Inc., Commerce Bancorp., Holman Automotive, Campbell

Soup Company, and Burlington Coat Factory. Unemployment for the assessment area is 3.93%. Due to the decline of its economy, the City of Camden was named an Empowerment Zone. The City of Camden also participates in various federal, state, and private programs designed to support housing and community development.

The assessment area has a total population of approximately 1 million, which includes 269,616 families and 360,000 households. As indicated in the above table, 7.31% of the households within the assessment area are below the poverty level.

The median family income of the assessment area is \$41,862. The updated median family income per HUD guidelines is \$57,669. This level declines to \$18,875 for the City of Camden. There are 379,812 housing units within the assessment area of which 70% are owner occupied, 25% rental occupied, and 5% vacant. The median housing value is \$107 thousand and the median age of the housing stock is 38 years.

The needs for the assessment area are primarily housing related, community development, and infrastructure improvement. These needs are especially important to the City of Camden where prolonged economic depression has made it one of the poorest areas in the United States. Specific needs as determined through discussions with management and community contacts include, but are not limited to: single family housing rehabilitation, homebuyer assistance, and affordable housing construction. There is also the need for economic development and assistance to support small business development, infrastructure improvement, and job creation for low-income individuals.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout

those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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.

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

Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) -**

For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/AA.

**Table 1. Lending Volume**

| LENDING VOLUME            |                                  | Evaluation Period: 01/01/1998 TO 06/30/2000 |            |                |            |            |            |                       |            |                      |            |                                       |
|---------------------------|----------------------------------|---|------------|----------------|------------|------------|------------|-----------------------|------------|----------------------|------------|---------------------------------------|
| MSA/Assessment Area       | % of Rating Area Deposits in AA* | Home Mortgage                               |            | Small Business |            | Small Farm |            | Community Development |            | Total Reported Loans |            | % of Rating Area Loans in AA (% of #) |
|                           |                                  | #   | \$ (000's) | #              | \$ (000's) | #          | \$ (000's) | #                     | \$ (000's) | #                    | \$ (000's) |                                       |
| <b>Full Scope</b>         |                                  |   |            |                |            |            |            |                       |            |                      |            |                                       |
| NJ Portion MSA 6160 and M | 100                              | 582   | 26,562     | 159            | 23,837     | 16         | 1,360      | 0                     | 0          | 757                  | 51,759     | 100.00                                |

\* Deposit Data as of June 30, 1999



Charter Number: 10000012617

**Table2. Geographic Distribution of Home Purchase Loans**

| Geographic Distribution: HOME PURCHASE |                        |              |                             |              |                           |              |                          |              |                      | Evaluation Period: 01/01/1998 TO 06/30/2000 |     |     |     |     |                           |              |  |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|---|-----|-----|-----|-----|---------------------------|--------------|--|
| MSA/Assessment Area                    | Low Income Geographies |              | Moderate Income Geographies |              | Middle Income Geographies |              | Upper Income Geographies |              | Overall Market Rank* | Market Share by Geography*                  |     |     |     |     | Total Home Purchase Loans |              |  |
|  | % Owner Occ Units      | % Bank Loans | % Owner Occ Units           | % Bank Loans | % Owner Occ Units         | % Bank Loans | % Owner Occ Units        | % Bank Loans |                      | Overall                                     | Low | Mod | Mid | Upp | #                         | % of Total** |  |
| <b>Full Scope</b>                      |                        |              |                             |              |                           |              |                          |              |                      |   |     |     |     |     |                           |              |  |
| NJ Portion MSA 6160 and MSA 0560       | 3                      | 3            | 6                           | 5            | 57                        | 46           | 35                       | 46           | 79                   | 0.2   | 0.0 | 0.2 | 0.1 | 0.3 | 132                       | 100          |  |

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

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

Charter Number: 10000012617

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

| Geographic Distribution: HOME IMPROVEMENT |                        |              |                             |              |                           |              |                          |              |                      |                           |     |     |     |     |                              | Evaluation Period: 01/01/1998 TO 06/30/2000 |  |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|---------------------------|-----|-----|-----|-----|------------------------------|---|--|
| MSA/Assessment Area                       | Low Income Geographies |              | Moderate Income Geographies |              | Middle Income Geographies |              | Upper Income Geographies |              | Overall Market Rank* | Market Share by Geography |     |     |     |     | Total Home Improvement Loans |   |  |
|   | % Owner Occ Units      | % Bank Loans | % Owner Occ Units           | % Bank Loans | % Owner Occ Units         | % Bank Loans | % Owner Occ Units        | % Bank Loans |                      | Overall                   | Low | Mod | Mid | Upp | #                            | % of Total**                                |  |
| <b>Full Scope</b>                         |                        |              |                             |              |                           |              |                          |              |                      |                           |     |     |     |     |                              |   |  |
| NJ Portion MSA 6160 and MSA 0560          | 3                      | 0            | 6                           | 1            | 57                        | 45           | 35                       | 54           | 12                   | 1.9                       | 0.0 | 0.9 | 1.5 | 2.7 | 353                          | 100   |  |

\* Based on 1998 Aggregate HMDA Data Only only. Market rank is for all income categories combined.  
 \*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

Charter Number: 1000012617

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

| Geographic Distribution: HOME MORTGAGE REFINANCE |                        |              |                             |              |                           |              |                          |              |                      | Evaluation Period: 01/01/1998 TO 06/30/2000 |     |     |     |     |                                     |              |
|--|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|---|-----|-----|-----|-----|-------------------------------------|--------------|
| MSA/Assessment Area                              | Low Income Geographies |              | Moderate Income Geographies |              | Middle Income Geographies |              | Upper Income Geographies |              | Overall Market Rank* | Market Share by Geography                   |     |     |     |     | Total Home Mortgage Refinance Loans |              |
|  | % Owner Occ Units      | % Bank Loans | % Owner Occ Units           | % Bank Loans | % Owner Occ Units         | % Bank Loans | % Owner Occ Units        | % Bank Loans |                      | Overall                                     | Low | Mod | Mid | Upp | #                                   | % of Total** |
| <b>Full Scope</b>                                |                        |              |                             |              |                           |              |                          |              |                      |   |     |     |     |     |                                     |              |
| NJ Portion MSA 6160 and MSA 0560                 | 3                      | 1            | 6                           | 2            | 57                        | 45           | 35                       | 52           | 115                  | 0.1   | 0.3 | 0.2 | 0.1 | 0.2 | 97                                  | 100          |

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

\*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

Charter Number: 1000012617

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

| Geographic Distribution: SMALL BUSINESS |                        |              |                             |              |                           |              |                          |              |                      |                            |     |     |     |     |                            | Evaluation Period: 01/01/1998 TO 06/30/2000 |  |
|---|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-----|-----|-----|-----|----------------------------|---|--|
| MSA/Assessment Area                     | Low Income Geographies |              | Moderate Income Geographies |              | Middle Income Geographies |              | Upper Income Geographies |              | Overall Market Rank* | Market Share by Geography* |     |     |     |     | Total Small Business Loans |   |  |
|   | % of Businesses        | % Bank Loans | % of Businesses             | % Bank Loans | % of Businesses           | % Bank Loans | % of Businesses          | % Bank Loans |                      | Overall                    | Low | Mod | Mid | Upp | #                          | % of Total**                                |  |
| <b>Full Scope</b>                       |                        |              |                             |              |                           |              |                          |              |                      |                            |     |     |     |     |                            |   |  |
| NJ Portion MSA 6160 and MSA 0560        | 3                      | 3            | 6                           | 4            | 51                        | 52           | 39                       | 38           | 16                   | 1.5                        | 0.5 | 1.1 | 1.4 | 2.0 | 159                        | 100   |  |

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

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

Charter Number: 1000012617

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

| Geographic Distribution: SMALL FARM |                        |              |                             |              |                           |              |                          |              |                      |                            |     |     |      |      |                              | Evaluation Period: 01/01/1998 TO 06/30/2000 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|-------------------------------------|------------------------|--------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|----------------------|----------------------------|-----|-----|------|------|------------------------------|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| MSA/Assessment Area                 | Low Income Geographies |              | Moderate Income Geographies |              | Middle Income Geographies |              | Upper Income Geographies |              | Overall Market Rank* | Market Share by Geography* |     |     |      |      | Total Loans Small Farm Loans |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|                                     | % of Farms             | % Bank Loans | % of Farms                  | % Bank Loans | % of Farms                | % Bank Loans | % of Farms               | % Bank Loans |                      | Overall                    | Low | Mod | Mid  | Upp  | #                            | % of Total**                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| <b>Full Scope</b>                   |                        |              |                             |              |                           |              |                          |              |                      |                            |     |     |      |      |                              |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| NJ Portion MSA 6160 and MSA 0560    | 1                      | 0            | 3                           | 0            | 58                        | 31           | 37                       | 69           | 1                    | 30.3                       | 0.0 | 0.0 | 10.5 | 61.5 | 16                           | 100   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

\* Based on 1998 Aggregate Small Business Data Only only. Market rank is for all income categories combined.  
 \*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

Charter Number: 10000012617

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

| Borrower Distribution: HOME PURCHASE |                      |                |                           |                |                         |                |                        |                |                      | Evaluation Period: 01/01/1998 TO 06/30/2000 |     |     |     |     |                           |            |
|--------------------------------------|----------------------|----------------|---------------------------|----------------|-------------------------|----------------|------------------------|----------------|----------------------|---|-----|-----|-----|-----|---------------------------|------------|
| MSA/Assessment Area                  | Low Income Borrowers |                | Moderate Income Borrowers |                | Middle Income Borrowers |                | Upper Income Borrowers |                | Overall Market Rank* | Market Share by Borrower Income*            |     |     |     |     | Total Home Purchase Loans |            |
|                                      | % of Families        | % Bank Loans** | % of Families             | % Bank Loans** | % of Families           | % Bank Loans** | % of Families          | % Bank Loans** |                      | Overall                                     | Low | Mod | Mid | Upp | #                         | % of Total |
| <b>Full Scope</b>                    |                      |                |                           |                |                         |                |                        |                |                      |   |     |     |     |     |                           |            |
| NJ Portion MSA 6160 and MSA 0560     | 16                   | 26             | 17                        | 36             | 25                      | 14             | 42                     | 23             | 79                   | 0.2   | 0.7 | 0.3 | 0.1 | 0.2 | 132                       | 100        |

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

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

Charter Number: 10000012617

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

| Borrower Distribution: HOME IMPROVEMENT |                      |                |                           |                |                         |                |                        |                |                      |                                  |     |     |     |     |                              | Evaluation Period: 01/01/1998 TO 06/30/2000 |  |
|---|----------------------|----------------|---------------------------|----------------|-------------------------|----------------|------------------------|----------------|----------------------|----------------------------------|-----|-----|-----|-----|------------------------------|---|--|
| MSA/Assessment Area                     | Low Income Borrowers |                | Moderate Income Borrowers |                | Middle Income Borrowers |                | Upper Income Borrowers |                | Overall Market Rank* | Market Share By Borrower Income* |     |     |     |     | Total Home Improvement Loans |   |  |
|   | % of Families        | % Bank Loans** | % of Families             | % Bank Loans** | % of Families           | % Bank Loans** | % of Families          | % Bank Loans** |                      | Overall                          | Low | Mod | Mid | Upp | #                            | % of Total                                  |  |
| <b>Full Scope</b>                       |                      |                |                           |                |                         |                |                        |                |                      |                                  |     |     |     |     |                              |   |  |
| NJ Portion MSA 6160 and MSA 0560        | 16                   | 8              | 17                        | 17             | 25                      | 26             | 42                     | 49             | 12                   | 1.9                              | 1.6 | 1.5 | 2.0 | 2.2 | 353                          | 100   |  |

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

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

Charter Number: 1000012617

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

| Borrower Distribution: HOME MORTGAGE REFINANCE |                     |                |                          |                |                        |                |                       |                |                      | Evaluation Period: 01/01/1998 TO 06/30/2000 |     |     |     |     |             |            |
|--|---------------------|----------------|--------------------------|----------------|------------------------|----------------|-----------------------|----------------|----------------------|---|-----|-----|-----|-----|-------------|------------|
| MSA/Assessment Area                            | Low Income Families |                | Moderate Income Families |                | Middle Income Families |                | Upper Income Families |                | Overall Market Rank* | Market Share by Borrower Income*            |     |     |     |     | Total Loans |            |
|  | % of Families       | % Bank Loans** | % of Families            | % Bank Loans** | % of Families          | % Bank Loans** | % of Families         | % Bank Loans** |                      | Overall                                     | Low | Mod | Mid | Upp | #           | % of Total |
| <b>Full Scope</b>                              |                     |                |                          |                |                        |                |                       |                |                      |   |     |     |     |     |             |            |
| NJ Portion MSA 6160 and MSA 0560               | 16                  | 10             | 17                       | 13             | 25                     | 28             | 42                    | 44             | 115                  | 0.1   | 0.2 | 0.2 | 0.1 | 0.2 | 97          | 100        |

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

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



Charter Number: 10000012617

**Table10. Borrower Distribution of Small Loans to Businesses**

| Borrower Distribution: SMALL BUSINESS |   |                 | Evaluation Period: 01/01/1998 TO 06/30/2000 |  |                          |                          |               |                          |                            |            |
|---------------------------------------|---|-----------------|---|--|--------------------------|--------------------------|---------------|--------------------------|----------------------------|------------|
| MSA/Assessment Area                   | Businesses With Revenues of \$1 million or less |                 |   | % Distribution of Loans by Original Amount Regardless of Business Size |                          |                          | Market Share* |                          | Total Small Business Loans |            |
|                                       | % Business**                                    | % Bank Loans*** | % Market Loans*                             | \$100,000 or less  | > \$100,000 to \$250,000 | > \$250,000 to \$500,000 | All           | Rev \$ 1 Million or Less | #                          | % of Total |
| <b>Full Scope</b>                     |   |                 |   |  |                          |                          |               |                          |                            |            |
| NJ Portion MSA 6160 and MSA 0560      | 85  | 65              | 49  | 60   | 23                       | 16                       | 1.6           | 2.4                      | 159                        | 100        |

\* The market consists of all other Small Business reporters in the banks's assessment area and is based on 1998 Aggregate Small Business Data Only only.

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

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

Charter Number: 10000012617

**Table11. Borrower Distribution of Small Loans to Farms**

| Borrower Distribution: SMALL FARM |   |                 | Evaluation Period: 01/01/1998 TO 06/30/2000 |   |                          |                          |                |                          |                        |            |
|-----------------------------------|---|-----------------|---|---|--------------------------|--------------------------|----------------|--------------------------|------------------------|------------|
| MSA/Assessment Area               | Businesses With Revenues of \$ 1million or less |                 |   | % Distribution Loans by Original Amount Regardless of Farm Size |                          |                          | Market Share * |                          | Total Small Farm Loans |            |
|                                   | % Farms**                                       | % Bank Loans*** | % Market Loans*                             | \$100,000 or less   | > \$100,000 to \$250,000 | > \$250,000 to \$500,000 | All            | Rev \$ 1 Million or Less | #                      | % of Total |
| <b>Full Scope</b>                 |   |                 |   |   |                          |                          |                |                          |                        |            |
| NJ Portion MSA 6160 and MSA 0560  | 93  | 94              | 61  | 81  | 19                       | 0                        | 30.3           | 33.3                     | 16                     | 100        |

\* The market consists of all other Small Farm reporters in the bank's assessment area and is based on 1998 Aggregate Small Business Data Only only

\*\* As a Percentage of Farms with known revenues.

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

Charter Number: 10000012617

**Table 12. Qualified Investments**

| QUALIFIED INVESTMENTS            |                           | Evaluation Period: 01/01/1998 TO 06/30/2000 |                            |           |                  |           |            |                        |           |
|----------------------------------|---------------------------|---|----------------------------|-----------|------------------|-----------|------------|------------------------|-----------|
| MSA/Assessment Area              | Prior Period Investments* |   | Current Period Investments |           | Total Investment |           |            | Unfunded Commitments** |           |
|                                  | #                         | \$(000's)                                   | #                          | \$(000's) | #                | \$(000's) | % of Total | #                      | \$(000's) |
| <b>Full Scope</b>                |                           |   |                            |           |                  |           |            |                        |           |
| NJ Portion MSA 6160 and MSA 0560 | 0                         | 0   | 16                         | 1,083     | 16               | 1,083     | 100.0      | 1                      | 384       |

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

\*\* "Unfunded Commitments" means legally binding commitments reported on Report of Condition Schedule L-"Off-Balance Sheet Items".

Charter Number: 10000012617

**Table13. Distribution of Branch and ATM Delivery System**

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM |                          |                    |                          |   |         |         |         |                          |                      |  |      |     |      |  |      |       | Evaluation Period: 01/01/1998 TO 06/30/2000 |  |  |  |
|--|--------------------------|--------------------|--------------------------|---|---------|---------|---------|--------------------------|----------------------|--|------|-----|------|--|------|-------|---|--|--|--|
| MSA/Assessment Area                    | Deposits                 | Branches           |                          |   |         |         |         | Branch Openings/Closings |                      |  |      |     |      | Population                               |      |       |   |  |  |  |
|  | % of Total Bank Deposits | # of Bank Branches | % of Total Bank Branches | Location of Branches by Income of Geographies (%) |         |         |         | # of Branch Closings     | # of Branch Openings | Net gain(+) / loss(-) of branches due to openings/closings |      |     |      | % of the Population with Each Geography* |      |       |   |  |  |  |
|  |                          |                    |                          | Low (%)   | Mod (%) | Mid (%) | Upp (%) |                          |                      | Low  | Mod  | Mid | Upp  | Low                                      | Mod  | Mid   | Upp   |  |  |  |
| <b>Full Scope</b>                      |                          |                    |                          |   |         |         |         |                          |                      |  |      |     |      |  |      |       |   |  |  |  |
| NJ Portion MSA 6160 and MSA 0560       | 100                      | 12                 | 100                      | 0.00  | 0.00    | 50      | 50      | 0                        | 2                    | 0.00   | 0.00 | 2   | 0.00 | 5.62                                     | 7.40 | 55.23 | 31.68                                       |  |  |  |

\* The percentage of the population in the MSA/AA that resides in these geographies.