

# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

February 28, 2000

## Community Reinvestment Act Performance Evaluation

Commerce Bank, N.A.  
Charter Number: 17094

1701 Route 70 East  
Cherry Hill, New Jersey 08034

Office of the Comptroller of the Currency  
Northeastern District  
1114 Avenue of the Americas, Suite 3900  
New York, New York 10036

**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.

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## General Information

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

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

## Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Overall CRA Rating

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

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

Performance Levels	Commerce Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- < An excellent record of providing community development services
- < A strong branch network with weekend hours providing good accessibility for most customers
- < An excellent record of home purchase lending to low- and moderate-income geographies
- < A good record of home purchase lending to low- and moderate-income borrowers
- < A good record of community development lending
- < A good record of community development investments

## Description of Institution

Commerce Bank, N.A. ("CBNA"), headquartered in Cherry Hill, NJ, is wholly-owned by Commerce Bancorp, Inc., a \$6.6 billion bank holding company, also located in Cherry Hill, NJ. Other national banks owned by the holding company include Commerce Bank/Shore, N.A., headquartered in Forked River, NJ; Commerce Bank/Pennsylvania, N.A., headquartered in Philadelphia, PA; and Commerce Bank/Central, N.A. headquartered in Flemington, NJ. The CRA exams for each of these banks were conducted simultaneously, and each bank received credit for all home mortgage loans originated by affiliates in the assessment area of the bank under review. No loans were doubled counted. CBNA has two operating subsidiaries: NA Asset Management - a Delaware investment subsidiary, and COBA - a real estate subsidiary designed to hold OREO property. Neither of these subsidiaries has an impact on the bank's capacity for community reinvestment.

CBNA is an intrastate bank providing a full range of retail and commercial banking services within a market area that includes the following New Jersey counties: Atlantic, Burlington, Camden, Cape May, Gloucester, and Mercer. The bank's branch network consists of 48 offices. Each location is equipped with drive-through facilities and automatic teller machines. There are also 20 remote ATM locations throughout the service area. The bank's primary businesses include traditional community bank deposit and credit services.

As of December 31, 1999, CNBA had total assets of \$3.634 billion, net loans of \$1.759 billion and investments of \$1.5 billion. The loan portfolio mix is represented by commercial real estate of \$520 million (30%), commercial loans of \$555 million (31%), residential mortgages of \$262 million (15%), and consumer loans of \$423 million (24%). The balance sheet also reflects Tier 1 capital of \$225 million. The bank's average loan-to-deposit ratio over the review period is 52%. As of June 30, 1999, CBNA had \$2.8 billion in deposits throughout the state of New Jersey, ranking it seventh in market share of deposits state wide. The majority of those deposits were in Camden County, where the bank is headquartered and where it ranked second in deposit market share.

There are no financial, legal or other factors impeding CBNA's ability to meet its community's credit needs.

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



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

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

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

### Data Integrity

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

### Selection of Areas for Full-Scope Review

Commerce Bank, NA has two assessment areas. The Philadelphia/Atlantic City CMSA and Mercer County, in the Trenton MSA. The Philadelphia/Atlantic City CMSA was selected for a full-scope review. This CMSA constituted a representative sample of both significant and less significant markets in which the bank operates. The full-scope area reviewed accounts for over 90% of the bank's lending activity. CBNA's other assessment area, Mercer County New Jersey, received a limited scope review. CBNA's CRA ratings are based primarily on results of the full scope review. Refer to the table in Appendix A for more information.

### Other

As part of the joint CRA exams at the four affiliated Commerce Banks, several community organizations were contacted to determine area credit needs and identify opportunities for participation and investment by local banks. Contacts

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

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

## **Fair Lending Review**

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the Lending Test is rated "high satisfactory". Based on the full-scope review completed, the bank's performance in the Philadelphia/Atlantic City CMSA is good.

#### Lending Activity

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

The bank's record of lending activity in its assessment area is good. CBNA is an active lender within its assessment area, having originated 9095 loans during the evaluation period totaling \$551 million. Most of these loans (7594) are home mortgage loans, with the majority of those (4409) being home improvement loans. CBNA is the most active home improvement lender in its market, and the fifth most active lender for home refinance loans. It is also the fifth most active small business lender, with 1470 originations during the evaluation period. CBNA originated far more home improvement loans during the assessment period than any other home mortgage product, and its market position as the most active lender for that loan product compares favorably to its deposit market share, where it ranked second with 7% of deposits.

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

##### *Home Mortgage Loans*

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

The distribution of home purchase loans is excellent, and the distribution of home improvement and refinance loans is poor.

The distribution of CBNA's home mortgage loans by income level of the geographies in the assessment area is generally lower than the percentage of owner occupied units in low- and moderate-income geographies. Although the bank does quite well with home purchase loans, originating 3% of its loans in low-

income tracts (compared to 2% of all owner occupied units located in those tracts) and 6% of its loans in moderate-income tracts (compared to 8% of all owner occupied units located in those tracts), the bank's performance is much more heavily weighted to middle and upper income tracts in its home improvement and refinance lending, where the bank originated less than 1% of its loans in low-income tracts and only 3% in moderate-income tracts. As noted above, CBNA is the number one lender for home improvement loans in its assessment area. The bank captured 31.7% of the market for home improvement loans in upper income geographies, compared to 3.9% of that market in low-income geographies, and 9.8% of the market in moderate-income geographies.

The bank's market share of home purchase loans in low-income geographies and in moderate-income geographies substantially exceeds its overall market share. However, in home improvement and refinance loans, the bank's market share of loans in low- and moderate-income geographies is substantially lower than 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.

The bank's geographic distribution of small business loans is adequate. CBNA's market share of small loans to businesses in low-income census tracts of 7.3% exceeds its overall market share in all tracts of 6.2%. Two percent of the bank's small loans to businesses are located in low-income tracts, compared to the 3% of all area businesses that are located in low-income tracts. The bank's record of making loans to businesses in moderate-income tracts is considerably less than the percentage of businesses in those tracts. Only 4% of the bank's small loans to businesses were originated in moderate-income tracts compared to the 10% of all businesses located there, and its 3.4% market share in moderate-income tracts is less than its overall market share of 6.2%.

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

The assessment area is generally urban and suburban/rural with limited farming. The bank did not originate or purchase any farms loans during the evaluation period, and our community contacts did not reveal any credit needs for agricultural lending.

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

A review of lending patterns across the census tracts in the assessment area

revealed no unexplained conspicuous gaps in the record of the bank's performance.

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

CBNA's record of lending within its assessment area is excellent. Eighty-three percent of the number of home mortgage loans originated by CBNA were located within the bank's assessment area - representing 62% of the dollars of home mortgages. This analysis included all HMDA reportable loans originated by CBNA only, and does not include extensions of credit by affiliates. Sixty-seven percent of the number and 62% of the dollar amount of small business loans originated by CBNA were within its assessment area, again excluding affiliate activity.

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

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

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

The bank's distribution of home purchase loans and refinance loans is good; its distribution of home improvement loans is adequate.

The distribution of CBNA's home mortgage loans by income level of the borrower generally matches the demographic profile for moderate-income families and falls short of the demographics for low-income families. For home purchase loans, the bank exceeded the demographics for moderate-income borrowers and, although only 10% of its loans were to low-income borrowers (compared to 17% of the area's families), its market share to low-income borrowers of 2.1% exceeds its market share for all other income categories. The bank's market share for refinance loans to low-income borrowers is only slightly below its overall market share, but its market share of home improvement loans to low-income borrowers (16.2%) is substantially below its overall market share of home improvement loans (23.6%).

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

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

The distribution of the banks' small loans to businesses by income level of the borrower is good. The distribution falls short of the demographics of the

assessment area, but outperforms the rest of the market. Seventy two percent of the area's businesses have annual revenues of \$1 million or less. CBNA originated 57% of its small loans to businesses with annual revenues of \$1 million or less, outperforming the general market record of 51% of all area lenders. Its market share of loans to businesses with revenues of less than \$1 million exceeds its overall market share. Furthermore, 72% of the bank's small loans to businesses were for an original loan amount of \$100 thousand or less.

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

## **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.

CBNA has a good record of community development lending, having originated 27 community development loans totaling \$11,687,965 during the evaluation period. These are loans with a community development purpose which were not reported as small business loans and which did not appear on the Bank's HMDA loan application register.

Twenty of these loans funded the construction or rehabilitation of affordable housing, including single family housing, rental units and group housing facilities. Seven of these loans funded organizations providing critical services to low- and moderate-income people, including a line of credit which provides group home care and services for no-income disabled residents, and a working capital loan to a residential art school in which 80% of the students are low-income children receiving public assistance, and a commercial mortgage to a non-profit organization providing housing and transitional services to ex-offenders and homeless persons.

## **Product Innovation and Flexibility**

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

CBNA also participates in the United States Small Business Association (SBA) and

the New Jersey Economic Development Authority (NJEDA) lending programs, and originated 68 loans under these program during the evaluation period totaling over \$20.6 million. Based upon its lending origination performance, CBNA earned the status of SBA Preferred lender in 1997. As our community contacts confirmed, these specialized loan programs have been useful for small businesses in need of start-up capital or operating funds, particularly those located in core urban LMI areas.



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

Based on limited-scope reviews, the bank's performance under the Lending Test in Mercer County in the Trenton MSA is not inconsistent with the bank's overall "high satisfactory" performance under the Lending Test. Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

## 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/Atlantic City 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.

CBNA made 82 qualified investments during the evaluation period totaling \$12,647,000. There are two investments made during the previous evaluation period and still outstanding for \$600,000. Both of the outstanding prior period investments were to loan funds represent continuing capacity by those organizations to extend credit for community development purposes. In sum, 84 investments were considered as qualifying investments totaling \$13,247,000. There are no unfunded commitments outstanding. As was confirmed by our outreach efforts, there is ample opportunity for investments both at the state and local levels in the assessment area.

The bank's investments are made to an array of enterprises which consist of affordable housing investments to non-profit organizations, housing authorities for development and construction of rental properties, small business loan funds, and economic development authorities for business development and construction. Some investments also help stabilize and revitalize low- and moderate-income areas. These investments are responsive to identified credit needs for affordable housing loans, affordable housing developments, and loans to small businesses.

Of the total investments, approximately \$8.3 million represents mortgage-backed securities (MBS). The underlying mortgages which secure these MBS Investments were also originated by the bank for low- and moderate-income borrowers. Recent proposed regulatory guidance issued by the Federal Financial Institutions Examination Council indicates that, in the future, these securities should not be given CRA investment test credit as the underlying originations have already received consideration under the lending test. Because the bank implemented this MBS investment strategy prior to the release of the proposed regulatory guidance, it will receive quantitative consideration during this review period. Therefore, although this investment has been included in Table 12, it has not been accorded significant weight in determining the bank's qualitative performance under the Investment Test.

All of the investments identified below are within the bank's assessment area(s) and were issued during the current examination period, unless otherwise identified. None of the investments are considered complex. One of the investments which is considered flexible is the Collaborative Lending Initiative, Inc., and its relationship to the Delaware Valley Community Reinvestment Fund described below. Also, the services provided by the Family Service Association are innovative. This organization pairs personal counselors with financial partners to provide individual counseling to low-income clients who have managed to gain independence from welfare. Very small loans are originated under this program (e.g., car repairs and education classes) to help prevent the recipients from slipping back into welfare.

- CBNA purchased a \$1.3 million tax exempt bond issued by the New Jersey Economic Development Authority for the purpose of plant expansion in Camden, New Jersey. The plant is located in a low-income area of the city and will provide jobs to low-income individuals in the area and also help to stabilize and revitalize this section of town.
- The Family Service Association offers a Ways to Work Family Loan Program which provides personal installment loans, for example automobile loans, to low-income families transitioning from welfare to work. The bank provided an investment of \$26,500 to this agency.
- CBNA invested \$250,000 in the Collaborative Lending Initiative (CLI) for acquisition and construction financing for non-profit affordable housing projects in southern New Jersey. These funds represent an increase in the bank's original \$500,000 investment made during a previous examination period. CBNA was one of the originating banks that worked with the Delaware Valley Community Reinvestment Fund (DVCRF) in 1995 to establish the CLI. CLI, a subsidiary of the DVCRF, was designed to leverage the fund's resources with additional bank monies to provide construction financing for development of rental and for-sale affordable housing. The DVCRF agrees to a subordinated debt position on CLI projects which enhances the loan to value ratio from the bank's perspective.
- CBNA also initially invested \$100,000, subsequently increased to \$200,000, in the Delaware Valley Community Reinvestment Fund (DVCRF). The DVCRF utilizes Commerce's funds to provide below market financing for non-profit community development corporations for the development of affordable rental and for-sale housing. This organization focuses on projects that provide services to low-income persons or provide economic growth in low-income communities.
- The bank purchased \$875,000 in Gloucester County Housing Development

Corporation mortgage revenue bonds (the original purchase was \$625,000 in November 1999 and later augmented by an additional \$250,000 in December 1999) to refurbish a 147 unit apartment development. The rental units are income-restricted to tenants whose income is less than 80 percent of the median MSA income.

- Liberty Ventures I, L.P. is a small business investment company which provides venture capital to small businesses within the technology, telecommunications, healthcare, and special retail industries. The fund invests primarily in companies located in the mid-Atlantic region, including New Jersey, eastern Pennsylvania, and Delaware. CBNA's \$1,334,000 investment benefits statewide areas that include the bank's assessment area.
- MBS Investments represents a \$8,339,000 investment made by the bank for the purchase of mortgage backed securities (MBS). All underlying mortgages securing these mortgage-backed securities were also originated by the bank for low- and moderate-income borrowers.
- CBNA provided a \$100,000 investment to the South Jersey Small Business Micro Loan Fund. The loan fund provides financing and technical assistance for start-up and existing small businesses that may not otherwise qualify for direct bank or government sponsored loans. Lending is on a collaborative basis with other financial institutions and a Commerce Bank representative also serves on the fund's loan committee.
- The bank also provided a \$100,000 investment to the Vision 2000 Small Business Micro Loan Fund. This fund provides financing and technical assistance to start-ups and small businesses, although it focuses on emerging businesses serving low-income Atlantic City and Pleasantville. The State of New Jersey designated Pleasantville as a Target Urban Area for redevelopment. Similarly, lending is on a collaborative basis with other banks and a Commerce Bank representative also serves on the fund's loan committee.

Also included in Table 12 are numerous qualifying grants and donations to organizations that help provide economic development, affordable housing, and community services to low- and moderate-income individuals and communities. The in-kind donations are office furniture and 26 computers to several community development organizations during the evaluation period. These donations benefit low- and moderate-income individuals and are used for educational programs.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Investment Test in Mercer County in the Trenton MSA is not inconsistent with the bank's overall "high satisfactory" performance under the Investment Test. Refer to Table 12 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "outstanding". Based on a full-scope review, the bank's performance in the Philadelphia/Atlantic City CMSA is excellent.

### **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.

Delivery systems are readily accessible to geographies and individuals of different income levels in the assessment area. Branching activity during the review period reflects continued bank expansion and no branch closings. Recent branch expansion has been most active in low- and moderate-income tracts. Branch hours are extensive and convenient to most portions of the assessment area. The weekend branching hours in particular were commented upon positively by community contacts.

Two branch openings worth highlighting are de novo branches in the Cities of Camden and Atlantic City opened during the assessment period.

Based on the bank's research, there had not been a de novo free standing branch constructed in the City of Camden in over forty years. Camden NJ is one of the five poorest cities in the nation, and contains the largest concentration of low-income census tracts in the bank's assessment area. The bank operates its Camden branch according to the same seven days a week schedule it operates its suburban branches, significantly increasing access to banking services by some of the assessment area's poorest residents. The bank is located in a low-income census tract and employs two dozen local residents.

Similarly, the bank's decision to open a branch in a moderate-income census tract

in Atlantic City has significantly increased access to banking services for low- and moderate-income residents. The majority of the city's residents are low- or moderate-income, and the branch's location, as well as its extensive hours of operation (open seven days a week), makes it easily accessible to the low- and moderate-income population.

The distribution of branches and ATM's throughout the assessment area provides good access to the overall customer base. CBNA's primary market area is Burlington, Camden, and Gloucester counties. Its secondary market area consists of Atlantic, Cape May and most recently Mercer counties. The three branches located in Mercer County are in a separate assessment area that received a limited scope review during this evaluation. The bank operates 45 branches throughout the Philadelphia/Atlantic City CMSA assessment area. Each location is equipped with ATM and drive-through facilities. During the review period five branches were opened. One of these branches is situated in a low-income tract, two branches are in moderate-income tracts and two are in middle-income tracts. The majority of branch locations are near the more populated/urban areas as opposed to the rural/agricultural areas of the assessment area. The population density of the assessment area is also impacted by the location of military installations and the NJ Pinelands - a large section of interior southern New Jersey designated as a preservation area with severe restrictions on growth.

Table 13 illustrates the distribution of branches compared to the census tract characteristics of the assessment area. The ratio of branch locations in low- and moderate-income tracts compares reasonably to the low- and moderate-income population within the assessment area. CBNA has six branches in low- and moderate-income tracts. Low-income branches are located in Camden and Mount Holly and the 4 moderate branch locations are within the residential areas of Atlantic City, Glassboro, Runnemede and Woodbury.

CBNA offers extended lobby and drive-in hours at all locations. All branches are open on Saturday and Sunday offering both lobby and/or drive through services.

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

### **Community Development Services**

Commerce Bank, N.A. provides an excellent level of community development services to a variety of organizations and initiatives within the assessment area. Community development services in the form of technical, financial, and administrative expertise have enhanced numerous housing, small business development, and economic development and revitalization efforts. The following is a listing of some of the bank's community development services.

### **Affordable Housing**

- Camden City Redevelopment Corporation - A non-profit organization which develops and provides affordable housing in the City of Camden. A CBNA Vice president serves as Chairman of the Board. He provides his expertise from a financial and banking background to assist the corporation in its affordable housing development initiatives.
- Institute for Urban and Public Policy, Rowan University - The institute provides grant funding and technical assistance for non-profit housing organizations in low-income and rural areas of southern New Jersey. A CBNA Vice President serves as Chairman of the Board.
- Atlantic County Home Team - This organization provides educational services regarding affordable homeownership opportunities, with a focus on low- and moderate-income areas of Atlantic City. In addition, this non-profit has begun to develop affordable housing through a cooperative with several mainland Atlantic County communities. A Senior Vice President and a branch manager serve the agency by providing their financial expertise.
- Neighborhood Housing Services of Camden, Inc. - This agency is a non-profit affordable housing development organization. A Senior Vice President serves on the board of directors and also the agency's Homeownership Committee. In both instances, he provides his banking and financial knowledge to further the organization's efforts.
- Neighborhood Housing Services of Trenton, Inc. - This non-profit agency provides homeownership counseling services for first-time low- and moderate-income homebuyers in the City of Trenton. Additionally, the housing service coordinates community home improvement programs in low-income neighborhoods in Trenton, and acquires and rehabilitates vacant housing for resale to qualified low-income homebuyers. A bank employee serves on the Board of Directors for this housing service and provides her financial expertise.
- Burlington County First Time Homebuyers Program - A Community mortgage

representative has participated as an instructor for the coalition's first-time homebuyer training program. This program provides counseling to prospective low- and moderate-income first-time buyers so that they may understand the residential loan process and the loan qualification requirements. The program also emphasizes credit qualifications, credit remediation, and budgeting.

- Federal Home Loan Bank of New York/Affordable Housing Awards - CBNA has sponsored four successful affordable housing grant applications through the Federal Home Loan Bank of New York (FHLBNY). Once the FHLBNY approves these grants, Commerce Bank assumes responsibility for monitoring construction and oversees and manages the construction phase of each development. The bank disburses FHLBNY funds to pay for construction development.

### **Small Business Development**

- Cooperative Business Assistance Corporation (CBAC) - This cooperative is a non-profit loan fund supported by the City of Camden and area financial institutions. Its mission is to provide financial services for existing businesses to remain and expand in Camden. The CBAC also works to attract new businesses to the city. A Commerce Bank Vice President/ Regional Loan Officer is a member of the corporation's Commercial Loan Fund Committee. This committee reviews loan requests presented to the CBAC for approval, and provides technical assistance to prospective borrowers as to the requirements for program financing. The bank's Senior Vice President/CRA Officer serves on the corporation's board of directors. Commerce Bank's CRA Officer also serves on the board of directors which provides oversight of financial and loan program activities. By providing his financial expertise, he supports management in determining which programs to continue offering and how to obtain funds to support these programs.
- South Jersey Small Business Micro Loan Fund - This organization serves as a provider of funding to new small businesses in southern New Jersey. Commerce Bank's CRA Officer serves on the loan committee for this fund and provides technical assistance on financial concerns for the organization.
- Glassboro Economic Development Commission - This organization was established to provide business credit services and support for economic growth in moderate-income Glassboro. The local bank Office Manager serves on the board and provides his banking and financial knowledge to the commission.
- Vision 2000 Small Business Loan Fund - This organization is a community and



bank sponsored initiative for Atlantic City and Pleasantville, New Jersey. The fund provides technical assistance and micro loans for new or emerging small businesses in these two cities. The CRA Officer is a member of the Loan Committee and the bank provides operational funds.

- New Jersey Development Authority for Small Businesses, Minorities' and Women's Enterprises - Commerce Bank, N.A is a participant in the New Jersey Development Authority Entrepreneurial Training Institute. CBNA bank loan officers provide hands-on training on a one-to-one basis with women and minorities who are starting their own businesses. The bank and the State of New Jersey provide capital assistance to qualified graduates of the program.

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

- Camden Churches Organized for People - Camden based organization developed to secure funding to convert vacant housing into affordable housing for LMI residents and to reduce crime. The CRA Officer is an Advisory Board member of this organization and contributes his banking and lending knowledge to the organization.
- North Camden Plan Bank Compact - This organization consists of a coalition of financial institutions and North Camden community groups formed to implement the North Camden Plan, a long-term master plan for total redevelopment of Camden's poorest neighborhoods. The coalition provides loans, grants, and investments to support implementation of the plan. The CRA Officer serves on the Advisory Board of this coalition.
- Camden Development Collaborative - The collaborative was established to provide funding support for non-profit community development organizations in the City of Camden. Funding has been provided for housing development, job creation, and neighborhood revitalization. A CBNA Vice President is Chairman of the Board of Directors.
- The Community Foundation of New Jersey - The foundation is a non-profit organization providing community development funding to low-income communities throughout the state of New Jersey to support the revitalization of LMI areas. A CBNA Vice President is a member of this foundation's board of directors and provides his banking knowledge to the organization.
- The Fund for New Jersey - This fund is a non-profit grant-making enterprise that focuses on supporting revitalization efforts in low-income urban communities within the state. A CBNA Vice President serves on the fund's board of directors. He provides his lending expertise to the organization.

- Cooper's Ferry Development Corporation - This agency is responsible for economic development of low- and moderate-income waterfront areas in the City of Camden. Development of these areas has served to bring new businesses to this part of the city, thus helping to stabilize and revitalize this section of town. A Vice President serves as a member of the Development Corporation's Board of Directors.

### **Community Services**

- Junior Achievement of South Jersey, Inc. - Commerce Bank, N.A. sponsors the Junior Achievement program targeted to the Cato School in east Camden, a low-income area of the city. The students attending this school come from low-income families. The CRA Officer and other bank officers teach basic banking courses to students who might not otherwise receive financial instruction.

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

Based on limited-scope reviews, the bank's performance under the Service Test in Mercer County in the Trenton MSA is weaker than the bank's performance in the rest of the state, but due to its limited market presence in Mercer County, this weaker performance did not impact the bank's overall rating. Refer to Table 13 in Appendix C for the facts and data that support these conclusions.

## 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 **AFull-Scope@**) and those that received a less comprehensive review (designated by the term **ALimited-Scope@**).

<b>Time Period Reviewed</b>	Lending Test: January 1, 1998 to December 31, 1999 Investment Test: April 1, 1998 to December 31, 1999 Service Test: April 1, 1998 to December 31, 1999	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank, N.A. ("CBNA") Cherry Hill, New Jersey	Home purchase, home improvement, and home refinance loans. Small business and community development loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Commerce Bank/Pennsylvania, N.A. ("CB/PA")	Affiliate	All HMDA reportable loans
Commerce Bank/Shore, N.A. ("CB/Shore")	Affiliate	All HMDA reportable loans
Commerce Bank/Central, N.A. ("CB/Central")	Affiliate	All HMDA reportable loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Burlington, Camden, Gloucester, Atlantic and Cape May Counties in the Philadelphia/Atlantic City CMSA #6160/0560	Full-Scope	
Mercer County in the Trenton MSA #8480	Limited Scope	

## **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, Atlantic and Cape May Counties .....B-2

### Burlington, Camden, Gloucester, Atlantic and Cape May Counties in the Philadelphia/Atlantic City CMSA

Demographic Information for full scope Area ( MSAs #6160 and #0560)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (CTs)	384	5	12	56	25	3
Population by CTs	1,447,388	5	11	57	28	*
Owner Occupied Housing by CTs	608,254	2	8	59	31	0
Businesses by CTs	59,141	3	10	55	48	0
Farms by CTs	1,538	1	5	62	32	0
Family Distribution by Income level	379,272	17	17	25	41	0
Distribution of LMI throughout AA	129,150	10	16	33	41	0
Median Family Income	\$41,204	Median Housing Value		\$113,570		
HUD Adj. Median Family Income	\$51,382	Unemployment Rate		4.1%**		
Households below poverty	7.66%					

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

\*Less than 1%

\*\*1999 data based on the Bureau of Labor Statistics

This assessment area has a total of 384 census tracts. Approximately 1.5 million people reside within the assessment area. Based on 1990 census data, 17% of the census tracts and 14% of the households within the assessment area are low- and moderate-income. The median housing value is \$113,570 and the median age of the housing stock is 38 years. Total occupied housing is 85%, with owner-occupied housing at 61% and rental occupied units at 24%. The weighted average of census median income is \$41,204; unemployment is approximately 3%.

Businesses within the area are dominated by retail type businesses (20%), service providers (42%) and construction related companies (12%). The area is extremely diverse in both land use and economic well being. The City of Camden (population approximately 87,000) served as the industrial and commercial center of the area from the late nineteenth century through the 1950s. During the past

four decades, however, the majority of the manufacturing and industrial businesses have left the city. The closing of major industrial employers, followed by a migration of the city's middle income residents to the surrounding suburbs, has resulted in Camden becoming one of the five poorest cities in America.

Economic and employment activity in the Atlantic and Cape May County area is largely centered around shore tourism and the casino industry in Atlantic city.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

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

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

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

upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

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





- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/assessment area. The table also presents data on branch openings and closings in each MSA/assessment area.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME													State: New Jersey	Evaluation Period: January 1, 1998 to December 31, 1999
MSA/Assessment Area:	% of Rated Area Deposits in MSA/assessment area*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans(#) in MSA/assessment area		
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full-Scope:														
Philadelphia/Atlantic City CMSA	99	7594	373162	1470	165966	0	0	27	11688	9095	550816	98		
Limited-Scope:														
Mercer County	1	99	6416	59	8851	0	0	0	0	158	15257	2		

\* Deposit data as of June 30, 1999.

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

Geographic Distribution: HOME PURCHASE																State: New Jersey	Evaluation Period: January 1, 1998 to December 31, 1999
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans		
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
Full-Scope:																	
Phila./Atlantic City CMSA	2	3	8	6	59	50	31	42	27	1.1	2.3	1.5	0.9	1.3	838	97.8	
Limited-Scope:																	
Mercer County	3	0	13	16	50	58	34	26	187	0	0	0	0	0.1	19	2.2	

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

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

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

Geographic Distribution: HOME IMPROVEMENT																	State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999												
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans																
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**															
Full-Scope:																															
Philadelphia/Atlantic City CMSA	2	0	8	3	59	53	31	44	1	23.6	3.9	9.8	21.3	31.7	4409	99.01															
Limited-Scope:																															
Mercer County	3	0	13	5	50	57	34	39	14	1.2	0	0	1.4	1.6	44	0.99															

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE																	State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999											
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans															
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total*														
Full-Scope:																														
Philadelphia/Atlantic City CMSA	2	0	8	3	59	51	31	45	5	3.4	0.9	2.4	2.9	4.4	2345	98.5														
Limited-Scope:																														
Mercer County	3	3	13	8	50	56	34	33	52	0.2	0.6	0	0.2	0.2	36	1.5														

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES										State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999					
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans		
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
Full-Scope:																	
Philadelphia/Atlantic City CMSA	3	2	10	4	55	46	32	48	5	6.2	7.3	3.4	5.3	8.5	1470	96.14	
Limited-Scope:																	
Mercer County	8	3	11	7	46	64	35	25	17	0.9	0.8	0	1.2	0.7	59	3.86	

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

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

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

Geographic Distribution: SMALL LOANS TO FARMS										State: New Jersey		Evaluation Period: January 1, 1998 to December 31, 1999					
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans		
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
Full-Scope:																	
Philadelphia/Atlantic City CMSA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
Limited-Scope:																	
Mercer County	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	

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

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

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

Borrower Distribution: HOME PURCHASE																	State: New Jersey		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans					
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
Philadelphia/Atlantic City CMSA	17	10	17	20	25	21	41	49	27	1.1	2.1	0.9	1	1.7	838	97.78				
Limited-Scope:																				
Mercer County	19	37	18	32	24	11	39	21	64	0	0	0.1	0	0	19	2.22				

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

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

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

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

Borrower Distribution: HOME IMPROVEMENT																	State: New Jersey		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans					
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total**				
Full-Scope:																				
Philadelphia/Atlantic City CMSA	17	6	17	16	25	29	41	49	1	23.6	16.2	20.8	23.4	27,8	4409	99.01				
Limited-Scope:																				
Mercer County	19	11	18	23	24	27	39	39	14	1.2	0.5	1.3	1	1.6	44	0.99				

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

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE					State: New Jersey				Evaluation Period: January 1,1998 to December 31, 1999							
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***
Full-Scope:																
Phila./Atlantic City CMSA	17	6	17	16	25	28	41	49	5	4.4	4.1	4.1	4.8	4.3	2345	98.49
Limited-Scope:																
Mercer County	19	6	18	22	24	33	39	39	84	0.2	0.2	0.2	0.4	0.2	36	1.51

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

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

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES				State: New Jersey			Evaluation Period: January 1,1998 to December 31, 1999			
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share****		Total Small Loans to Businesses	
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total*****
Full-Scope:										
Philadelphia/Atlantic City CMSA	72	57	51	72	16	12	6.25	7.53	1470	96
Limited-Scope:										
Mercer County	69	71	46	49	32	19	0.87	1.51	59	4

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

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

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

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

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

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

Borrower Distribution: SMALL LOANS TO FARMS											State: New Jersey		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share****		Total Small Farm Loans					
	% of Farms*	% BANK Loans**	% Market Loans***	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total*****				
Full-Scope:														
Philadelphia/Atlantic City CMSA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
Limited-Scope:														
Mercer County	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				

(\*) Farms with revenues of \$1 million or less as a percentage of all farms.  
 (\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.  
 (\*\*\*) The market consists of all other Small Farm reporters in the MSA/assessment area and is based on 1998 Aggregate Small Farm Data only.  
 (\*\*\*\*) Based on 1998 Aggregate Small Farm Data only.  
 (\*\*\*\*\* Small loans to farms originated and purchased in the MSA/assessment area as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS											State: New Jersey		Evaluation Period: January 1,1998 to December 31, 1999	
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**						
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$=	#	\$ (000's)					
Full-Scope:														
Philadelphia/Atlantic City CMSA	2	600	82	12647	84	13247	99	0	0					
Limited-Scope:														
Mercer County	0	0	6	109	6	109	1	0	0					

(\*) **P**rior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.  
 (\*\*) **U**nfunded Commitments means legally binding investment commitments reported on the Report of Condition Schedule-L **A**off Balance Sheet Items.



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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				State: New Jersey				Evaluation Period: January 1,1998 to December 31, 1999									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in MSA/assessment area	# of BANK Branches	% of Rated Area Branches in MSA/assessment area	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Philadelphia/Atlantic City CMSA	99	45	94	4	9	44	42	0	5	1	2	2	0	5	11	57	28
Limited-Scope:																	
Mercer County	1	3	6	0	0	67	33	0	3	0	0	2	1	7	16	44	33