



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 1, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank and Trust Co of Newtown
Charter Number: 324

40 South State Street
Newtown, PA 18940

Office of the Comptroller of the Currency

EASTERN PENNSYLVANIA FIELD OFFICE
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Bensalem, PA 19020-2025

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

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Overall CRA Rating

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

The following table indicates the performance level of **First National Bank and Trust Co. of Newtown (FNB)** with respect to the Lending, Investment, and Service Tests:

[Indicate the performance level under each criterion by marking an “X” in the appropriate row.]

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			

The major factors that support this rating include:

- FNB’s lending activity is adequate, given the bank’s size, resources, and competition in the bank’s major markets.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- During the evaluation period, FNB originated a substantial majority of its loans in the AA.
- The distribution of borrowers reflects excellent penetration among retail customers of different income levels and businesses of different sizes.
- Flexible lending products and community development lending have a neutral impact.
- FNB has an adequate level of qualified investments and grants considering the fierce competition for investment opportunities.
- Service delivery systems are accessible to geographies and individuals of different income levels.
- FNB provides a relatively high level of community development services.

Definitions and Common Abbreviations

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

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

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

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

Geography: A census tract 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

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

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

Description of Institution

First National Bank and Trust Company of Newtown (FNB) is an intrastate community bank with total assets of \$610 million as of September 30, 2008. FNB is a full service bank offering a wide range of commercial and personal banking products within their Pennsylvania market. The bank offers a variety of commercial, consumer and real estate loans to suit their customer's needs. FNB is one of two subsidiaries of FNB Bancorp, Inc. The other subsidiary is FNB Reality, which currently owns two of the bank's branches. This subsidiary is not considered in this evaluation as it does not impact the bank's capacity for community reinvestment. The holding company has total consolidated assets of \$613 million, as of September 30, 2008. Both FNB and FNB Bancorp, Inc. are located in Newtown, PA. FNB has 12 full service branches equipped with a drive-up and ATM facility and four limited service branches in retirement villages. FNB has not opened or closed any branches since the prior CRA exam. The bank serves Bucks County, Pennsylvania. FNB has designated one assessment area (AA), which is comprised of 109 contiguous census tracts (CTs) located in Central and Lower Bucks County. The AA is part of the Philadelphia MD MSA #37964.

As of September 30, 2008, net loans and leases totaled \$374 million or 60.3 percent of total assets. Total deposits were \$520 million. Tier 1 Capital as of September 30, 2008 was \$77.7 million. The loan portfolio is composed of:

Loan Category	Residential Mortgage Loans	Commercial Real Estate Loans	Commercial Loans	Other
\$ amount (in thousands)	\$160,419	\$173,539	\$11,229	\$29,386
% of loan portfolio	42.83%	46.33%	2.99%	7.85%

Numbers as of 9/30/2008

The bank's primary strategy is to meet the credit needs of the community and originate small business loans and real-estate loans for affordable housing. FNB is in a highly competitive marketplace. Competition comes from large community banks, regional and national financial institutions as well as credit unions, non-bank financial institutions and mortgage companies. FNB's primary competitors include Wachovia, PNC, Citizens Bank, TD Bank, Countrywide Bank and JP Morgan Chase Bank.

There were no financial or legal impediments to hinder FNB's ability to help meet the community's credit needs.

FNB was rated "Satisfactory" at its last CRA Performance Evaluation dated September 5, 2005.

Scope of the Evaluation

Evaluation Period/Products Evaluated

All tests were evaluated using Census 2000 demographic data and the Metropolitan Statistical Area (MSA) boundaries.

The evaluation for the Lending Test covers January 1, 2005 through September 30, 2008. The scope of our review did not include small farm or multi-family loans, due to negligible volume of originations.

For the CD Loans, Investment, and Service Tests, the evaluation period is from September 6, 2005 through December 1, 2008. The Investment Test included a review of investments, grants, and donations made in the bank's AA that meet the definition of community development. Any qualified investments originated in prior periods and still outstanding at December 1, 2008, were given appropriate consideration. The Service Test included a review of retail and community development services provided in the bank's AA.

Data Integrity

FNB's publicly filed information for Home Mortgage Disclosure Act (HMDA) reportable loans and small loans to businesses were tested for accuracy. Results of this testing evidenced the data is sufficiently accurate for purposes of this CRA evaluation.

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

The bank has one AA: Central and Lower Bucks County (Bucks County AA), which is located in Southeastern Pennsylvania and is within the Philadelphia, PA Metropolitan Division (MD), #37964. This MD is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA), #37980. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Refer to the market profile of the Bucks County AA located in appendix B for detailed demographics and other performance context information.

Ratings

FNB's overall rating is comprised strictly of the full-scope review, as the bank only has one AA.

The Lending Test was more heavily weighted than the Service or Investment Test. HMDA loans were also given more weight due to the higher volume of this type of loan, in comparison to small loans to businesses.

Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition we

considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

Our conclusions regarding the community development services were based on the number of services performed, the number of people providing services, and the type of services performed.

Other

In conducting the assessment of the bank's performance, we contacted a local county housing and business development department. The contact indicated that there is a need for affordable housing and small business loans throughout Bucks County. The organization aids these individuals and businesses in receiving state and local funding for housing and business operations. Overall, the contact felt that local community banks were receptive to meeting the credit needs of the area.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test in Pennsylvania is rated "low satisfactory." Based on full-scope reviews, the bank's performance in the Bucks County AA is adequate.

Lending Activity

Bucks County AA

Home Mortgage Loans

FNB's mortgage lending penetration is adequate in Bucks County when taking into consideration the strong competition from large national and regional banks in the area and is reflective of the credit needs of the community.

There are 12 full service and four limited hour offices in the AA. Based on the June 30, 2008 FDIC Summary of Deposits, within the AA, the bank ranked seven out of 37 institutions with a 4.23 percent market share. Banks ranked ahead of FNB include Wachovia Bank, TD Bank NA, Citizens Bank of PA, PNC Bank, First SB of Perkasie, and Sovereign Bank.

FNB is ranked competitively among mortgage lenders in Bucks County. Based on the 2007 market share data for all mortgage data, the bank ranked 32nd out of 184 lenders with 0.72 percent market share by number of loans. This is considered an adequate level of penetration given the highly competitive market. The top ten lenders are comprised of large nationwide banks and mortgage companies. Collectively, these larger institutions capture 46 percent of the market with market share ranging from over 2 percent to over 10 percent.

Based on this same 2007 HMDA aggregate data, FNB ranked 60 out of 342 lenders in the AA with a 0.28 percent market share in home purchase lending, 4 out of 162 lenders in the AA with a 5.71 percent market share in home improvement lending, and 34 out of 398 lenders in the AA with a 0.55 percent market share in home refinance lending.

The bank's lending levels reflect adequate responsiveness to the credit needs of the community. Among home mortgage loan originations, approximately 28 percent were home refinance loans, 64 percent were home improvement loans, and eight percent were home purchase loans. These numbers correlate to the bank's above market share ranking with regards to the different loan purposes.

Small Loans to Businesses

Based upon the 2007 CRA aggregate data, FNB ranked 19 out of 101 lenders with a market share of 0.49 percent based upon number of loans and 2.85% based upon the total dollar amount. The top five national banks and credit card lenders capture 74 percent of the market share by count. The competition in FNB's AA is high; but the level of penetration is considered adequate in comparison to the bank's deposit market share of 4.24%.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is adequate. The distribution of home mortgage loans across different geographies is adequate, while the geographic distribution of small loans to businesses is adequate. More weight was placed on home mortgage lending as this represents a larger percentage of the bank's lending.

Bucks County AA

We did not evaluate performance in low-income geographies as there are no low-income census tracts within this AA. However, the AA has eleven moderate-income tracts. The eleven tracts represent 8.23 percent of all owner-occupied housing units in the bank's AA.

Home Mortgage Loans

Lending activities may be limited due to the composition of the income levels. 9,582 families reside in the moderate-income tracts, of these families 30 percent are low-income families and an additional 24 percent are moderate-income families. Thus, making home ownership difficult for families at that income level, as the median house price in the moderate-income geography is \$120,671.

Home Purchase Lending

The geographic distribution of home purchase loans is excellent. The percent of lending in the moderate-income geographies exceeds the percent of owner occupied housing in these geographies. FNB's market share in moderate-income tracts significantly exceeds the overall market share.

Home Improvement Lending

The geographic distribution of home improvement lending is adequate. The percent of lending in the moderate-income geographies is significantly below the percent of owner occupied housing in these geographies. In addition, FNB's market share in moderate-income tracts is below its overall market share.

Home Refinance Lending

The geographic distribution of home refinance lending is poor. The percent of lending in the moderate-income geographies is significantly below the percent of owner occupied housing in these geographies. FNB's market share in moderate-income tracts is below its overall market share.

There is limited opportunity within the AA for FNB to make home refinance loans, as the level of competition from large, national financial institutions and credit unions is high.

Small Loans to Businesses

Geographic distribution of small loans to businesses is adequate. The percent of small loans to businesses in moderate-income geographies is significantly below the percent of

businesses in these geographies. FNB's market share of small loans to businesses is slightly below its overall market share in moderate-income geographies.

The limited opportunity trend continues with the measure of small loans to businesses. The 2000 Census Demographic Data reveals that only 7.44 percent of the small businesses were in moderate-income areas. The competition for small business loans is steep, as the top three institutions comprise 59 percent of the market share and a majority of the competition is from large, out-of-state banks and credit card companies.

Lending Gap Analysis

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in lending.

Inside/Outside Ratio

During the evaluation period, FNB originated a substantial majority of its loans in the Bucks County AA. During the evaluation period from 2005 to September 30, 2008, over 93 percent of the number and over 89 percent of the dollar amount of HMDA originations and purchases were within the bank's assessment areas. The number and dollar amount of loans originated in the AA during the evaluation period by product types are as follows: 81 percent of the number and 80 percent of the dollar amount of home purchase loans, 96 percent of the number and 95 percent of the dollar amount of home improvement loans, and 91 percent of the number and 89 percent of the dollar amount of home refinance loans. Regarding small loans to businesses, 93 percent of the number and 88 percent of the dollar amount of total originations were within AA. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans is excellent. The distribution of home mortgage loans among borrowers of different income levels is excellent and lending to businesses of different sizes is good. More weight was placed on home mortgage lending as this represents a larger percentage of the bank's lending.

In our analysis, we considered the lack of affordability for a low- and moderate-income individual or family to purchase a home. This lack of affordability limits the opportunities for home purchase, home improvement, and home refinance lending to low- and moderate-income individuals or families.

During the evaluation period, the weighted average of median housing value for Bucks County was \$171,426 and a moderate-income individual or family earned less than \$58,980 (low-income individual or family earned less than \$36,863). Further, 4.8 percent of the households within the AA were below the poverty level and are considered very low-income.

The market for loans to small businesses with revenues equal to or under \$1 million is very competitive in the MSA. FNB ranks 19 out of 101 lenders with a market share of 0.49 percent. The top five national institutions and credit card companies control approximately 74 percent of

the market share. Based on dollar amount, FNB has a market share of 2.85 percent. This evidences the bank's desire to service the lending needs of small businesses.

Bucks County AA

Home Mortgage Loans

Home Purchase Lending

Borrower distribution of home purchase loans is excellent. The percent of loans originated to low-income borrowers is below the percent of low-income families in the AA. The percent of loans to moderate-income borrowers equals the percent of moderate-income families in the AA. FNB's market share for low-income individuals significantly exceeds its overall market share, while market share for moderate-income individuals exceeds overall market share.

Home Improvement Lending

The borrower distribution of home improvement loans is good. The percent of loans originated to low- and moderate-income borrowers is below the percent of low- and moderate-income families in the AA. However, FNB's market share for low-income individuals significantly exceeds its overall market share, while their share of lending to moderate-income individuals is near their overall market share.

As a percentage of all home improvement loans made in the AA, 4.38% were made to low-income borrowers. This is evidence of limited opportunities for the bank to lend to low-income individuals as the percentage of low-income families is 11.87 percent.

Home Refinance Lending

The geographic distribution of home refinance lending is excellent. The percent of loans originated to low-income borrowers is below the percent of low-income families in the AA. The percent of loans to moderate-income borrowers exceeds the percent of moderate-income families in the AA. FNB's market share in low- and moderate-income tracts exceeds its overall market share.

Small Loans to Businesses

The distribution of small loans to businesses is good when considering the distribution by size of loan and the strong competition from large national, regional, and credit card banks.

The percent of small loans to businesses with gross annual revenues of \$1 million or less is below the percent of businesses in the AA. FNB's market share of lending to small businesses significantly exceeds its overall market share. The distribution by size of loan shows that 63 percent of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

Community Development Lending

The bank's community development lending has a neutral impact on the bank's rating. During this evaluation period the bank did not originate any community development loans. It should be noted that during the evaluation period, FNB granted loans that have the same characteristics of community development loans but were HMDA reportable. During the

evaluation period the bank closed ten loans to a non-profit corporation for the purchase of properties to be rented to low- and moderate-income individuals at affordable rental rates. The ten loans totaled \$870,330. In addition, starting in 2005 the bank became a member of an organization which finances affordable housing and community development activities to low- and moderate-income individuals and families. Since 2005, FNB has participated in 26 loans totaling \$402,902. These loans have the same characteristics of community development loans but they are CRA small-business reportable.

Product Innovation and Flexibility

Innovative and flexible products have a neutral impact on the bank's rating. During the evaluation period, the bank has not begun offering any new products tailored to low- and moderate-income individuals or families.

FNB continues to offer its First-Time Homebuyer Program. During our review period the bank originated 19 loans under this program; however, due to the maximum established income level, 15 of the loans were to middle-income individuals and four were to moderate-income individuals. For 2008, the maximum income level to participate in the program was \$80,656 (for a family of 3 or more individuals), which significantly exceeds the moderate-income threshold. Thus, this programs target is not for low- and moderate-income individuals.

INVESTMENT TEST

The bank's performance under the investment test is rated "low satisfactory". Based on full-scope reviews, the bank's performance in the Bucks County AA is adequate.

Bucks County AA

FNB has an adequate level of qualified investments and grants and exhibited adequate responsiveness to credit and community economic development needs. The bank has not invested in any innovative or complex investments during this evaluation period. Investment opportunities do exist but are hard to come by given FNB's small size and the fierce competition for such opportunities.

The bank did not purchase any new CRA investments during the evaluation period. As of October 31, 2008 the bank was holding CRA investments with a book value of \$2,500,257. A majority of the investments are comprised of FNMA Bonds purchased in April of 2005. The bonds were used to fund mortgage loans to low- and moderate-income families. A majority of the mortgages funded were in the Bucks County AA.

FNB also made 22 grants and donations during the evaluation period, for a total of \$84,450 to numerous organizations that provide economic development, affordable housing, and community services to low- and moderate-income individuals in the Bucks County AA.

SERVICE TEST

Bucks County AA

The bank's performance under the Service Test is rated "high satisfactory". Based on full-scope reviews, the bank's performance in the Bucks County AA is good.

Retail Banking Services

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

FNB's service delivery systems are accessible to geographies and individuals of different income levels in its AA. Branch locations are in upper- and middle-income geographies; however, they are in close proximity of the AA's few moderate-income geographies with access available via main thoroughfares and public transportation. There are no low-income geographies within the bank's AA.

FNB provides banking services throughout the entire AA with twelve full service branches and four limited service branches. As a percent of the total number of branches, 83 percent (or ten) of the full service branches and 75 percent (or three) of the limited service branches are located in the upper-income geographies where 53.68 percent of the population resides, while 17 percent (or two) of the full service branches and 25 percent (or one) of the limited service branches are located in middle-income geographies where 38.65 percent of the population resides. None of the full service or limited service branches are located in moderate-income geographies. However, there are two full service branches and one limited service branch adjacent to two of the eleven moderate-income geographies. With 7.67 percent of the population residing in moderate-income geographies, the distribution of FNB's branches adjacent to moderate-income geographies exceeds the percent of the population residing in such geographies.

FNB's service hours provide convenience and reasonable access for the entire community. Services offered to all customers are consistent with, and do not preclude convenient access to low- to moderate-income individuals living within the AA. All of the full service branches offer drive-up facilities, ATM services, and safe deposit box services with weekday evening hours and extended Friday evening hours. Eight of the full service branches offer Saturday banking hours. All of the limited service branches are located in retirement villages. These branches provide limited availability. Days open per week range from one day to four days, while hours are usually curtailed from four to six hours per day. None of the limited service branches offer extended Friday evening hours or Saturday banking hours. Two of the limited service branches restrict their services to residents of the retirement villages. Cash dispensing machines which do not accept deposits are located at three of the limited service branches. In addition, the bank has two remote cash dispensing machines. One is located in a retail restaurant/dairy bar and the other is located in a nursing home facility. FNB did not open or close any branch facilities during the evaluation period. There are no plans to open or close any branches in the near future.

A full line of traditional banking products and services are offered at all the branches. In addition, FNB has an assortment of products that assist low- to moderate-income individuals

and families. The bank offers a variable rate IRA product that requires a minimum of \$25 to open with minimum deposits of \$25. This saving product allows low-to moderate-income individuals and families the ability to begin a retirement plan without large initial deposits. The bank offers a free, interest earning checking account, Gold 50 Checking account, to senior citizens 50 and over which offers free checks, free online banking, free bill payer, and free Visa Rewards Check card, with no monthly fees. The bank also offers a free statement savings account, which requires a minimum balance of \$100 to earn interest. A Kids First Savings account is offered to students between 0 to 18 years of age. There is no minimum balance required and there is no maintenance charge. A minimum balance of \$50 is required to earn interest.

Community Development Services

FNB provides a relatively high level of community development services within its AA. During the evaluation period ten employees provided financial expertise and leadership services to ten different qualifying community development organizations serving the AA. The following are the CD services provided by FNB in which employees hold key positions:

Credit Counseling Center of Bucks County (*Provides credit counseling, home buyer and home maintenance counseling, financial planning, and other financial services education that promote community development and affording housing, including credit counseling to assist borrowers in avoiding foreclosure on their homes.*)

- Chairman of the Board of Directors

Lower Bucks County Chamber of Commerce (*Finances small businesses in the Lower Bucks County region in an effort to promote economic development in the area. The Chamber of Commerce's Small Business Resources Committee addresses the needs of small businesses in the region.*)

- Speaker at "Be Your Own Boss". He discussed how small business owners can obtain business loans.

Northampton Business & Professional Association (*Promotes economic development by assisting small businesses in the Northampton area of Bucks County.*)

- Treasurer

Newtown Improvement Association (*Offers affordable housing to low- to moderate- income individuals and families.*)

- Treasurer

Community Welfare Council (*Offers affordable housing to low- to moderate- income individuals and families.*)

- Treasurer

United Way of Bucks County Allocations Committee (*Provides aid and assistant to low- to moderate- income individuals and families.*)

- Member of the Self Sufficiency Panel, which educates low- and moderate-income individuals how to thrive.

Greater Jamison Business Association (*Promotes economic development by assisting small businesses in the Jamison/Warwick Township of Bucks County.*)

- President/Treasurer

Community Lenders Community Development Corporation (*Promotes and facilitates community revitalization through the financing of, and investment in, affordable housing and community development activities to low- to moderate- income individuals and families.*)

- On the loan approval committee

Interfaith Housing Property Acquisition Committee (*Offers affordable housing to low- to moderate- income individuals and families.*)

- Member. Discusses how Interfaith can finance the acquisitions.

Head Start of Bucks County (*Provides aid and assistant to low- to moderate- income individuals and families.*)

- Speaker. Discussed how to create a budget and monitor finances.

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”).

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/05 to 09/30/08) Investment and Service Tests and CD Loans: (09/06/05 to 12/01/08)	
Financial Institution	Products Reviewed	
First National Bank and Trust Company of Newtown (FNB); Newtown, PA	Home mortgage loans, small loans to businesses, CD loans, investments and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>FNB Bancorp, Inc. Newtown, PA</i>	Holding Company	None
FNB Reality	Real Estate Holding Company	None
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Bucks County AA (Part of Philadelphia MD MSA # 37964)	Full Scope	

Appendix B: Market Profiles for Full-Scope Areas

Bucks County AA

Demographic Information for Full-Scope Area: Bucks County AA (Part of Philadelphia MD MSA # 37964)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	109	0.0%	10.09%	42.20%	47.71%	0.0%
Population by Geography	504,146	0.0%	7.67%	38.65%	53.68%	0.0%
Owner-Occupied Housing by Geography	142,013	0.0%	4.92%	37.32%	57.76%	0.0%
Businesses by Geography	40,888	0.0%	8.00%	35.09%	56.91%	0.0%
Farms by Geography	959	0.0%	4.69%	26.17%	69.13%	0.0%
Family Distribution by Income Level	136,289	11.73%	14.49%	22.09%	51.69%	0.0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	35,743	0.0%	14.50%	49.98%	35.52%	0.0%
Median Family Income	= \$73,726					
HUD Adjusted Median Family Income for 2007	= \$72,400					
Households Below the Poverty Level	= 8,864					
				Median Housing Value	= \$171,426	
				Unemployment Rate	= 5%	

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, and 2007 HUD updated MFI.

FNB's AA is made up of only a portion of the Philadelphia, PA Metropolitan Division (MD), #37964. This MD is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA), #37980. The AA contains 109 census tracts in central and lower Bucks County. The AA complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

According to the 2000 U.S. Census Data, there are 109 census tracts in this AA. There are no low-income tracts, 11 moderate-income tracts, 46 middle-income tracts, and 52 upper-income tracts.

The 2000 U.S. Census Data reported the total population of the assessment area at 504,146. This population was comprised of 183,801 households and 136,289 families. There are 189,158 housing units. Owner-occupied housing is 75 percent, rental-occupied housing is 22 percent, and vacant housing is 3 percent. The median housing cost is \$171,426.

The median family income was \$73,726 and the HUD updated MSA median family income is \$72,400. Approximately 4.8 percent of the households are below the poverty level. Approximately 12 percent of the families in the AA are low-income, 14 percent are moderate-income, 22 percent are middle-income, and 52 percent are upper-income.

Based on the housing values and the median family income, there is lack of affordability for a low-income individual or family to purchase a home. According to the above, the average median housing value is \$171,426, and a low-income individual or family earns less than \$36,863.

According to the 2008 Business Geodemographic Data, there are a total of 40,888 businesses and 959 farms. Approximately 8 percent of the businesses are located in moderate-income tracts, 35 percent are located in middle-income tracts, and 57 percent are located in upper-income tracts. Approximately 68 percent of the businesses reporting have revenues less than \$1 million and approximately 70 percent of the businesses and farms reporting had less than 10 employees.

The primary industries in the AA are healthcare and education. Major employers in the AA include Central Bucks School District, Bucks County, Healthcare Services, St. Mary's Medical Center and Doylestown Hospital. The unemployment rate not seasonally adjusted, as of October 2008, for the Bucks County AA is 5 percent, compared to the national unemployment rate of 6.5 percent.

There are a total of 16 branches located in the Bucks County AA, accounting for 100 percent of the total number of FNB's branches. There are 12 full service branches and four offices located within retirement villages. All full service branches offer extended hours of operation at least one day a week. In addition, eight of the full service branches have Saturday morning hours. The four other offices have limited hours, which vary for each location. In two of the locations, the services are limited strictly to the residents of the retirement community. In addition, all branches are equipped with ATMs and all 12 full service branches offer drive-through services. A full line of traditional banking products and services are offered at all 16 branch locations.

Based on the June 30, 2008 FDIC Deposit Market Share Report, FNB ranked seventh out of 37 institutions with a 4.24 percent market share in the Bucks County area. Competition for both loans and deposits is strong in this area, particularly from larger multi-state financial institutions. According to the June 30, 2008 deposit data, the major competitors are Wachovia Bank, NA, ranking first with a 22 percent market share; TD Bank National Assn., ranking second with an 11.82 percent market share; Citizens Bank of PA, ranking third with an 9.54 percent market share; PNC Bank NA ranking fourth with a 5.49 percent market share and First SB of Perkasio, ranking fifth with a 5.46 percent market share. Based upon the 2007 HMDA peer mortgage data, FNB ranked 60th out of 329 lenders with 0.28 percent market share by number of loans in the AA. The top five lenders in the AA were Countrywide Home Loan, Wells Fargo Bank, Countrywide Bank, FSB, Wells Fargo Funding, Inc and JPMorgan Chase Bank. The top five lenders had a market share of 38 percent by number of loans.

During this examination, we reviewed recent community contacts to determine the credit needs of this area. We determined there is an overall credit need for affordable housing, small business loans, and basic financial services. Affordable housing is lacking in the area due to rising real-estate costs, development costs, energy costs, and limited developable land.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As ___12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.

- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment

commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME												Geography: First National Bank and Trust Co. of Newtown	
Evaluation Period: January 01,2005 to September 30,2008													
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)		
Full Review:													
Bucks County AA	100.00	1,245	93,811	644	96,856	1	125	0	0	1,890	190,792	100.0	

* Loan Data as of September 30,2008. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is January 1,2005 to December 31,2008.

*** Deposit Data as of November 24,2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: First National Bank and Trust Co of Newtown													
Evaluation Period: January 1, 2005 to September 30,2008															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Bucks County AA	104	100.0	0.00	0.00	4.13	4.81	44.76	30.77	51.11	64.42	0.27	0.00	0.60	0.17	0.33

* Based on 2007 Peer Mortgage Data: Eastern Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT												Geography: First National Bank and Trust Co of Newtown				
Evaluation Period: January 1, 2005 to September 30,2008																
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography					
	#	% of Total**	% Owner Occ***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp	
Full Review:																
Bucks County AA	797	100.0	0.00	0.00	4.13	2.38	44.76	28.61	51.11	69.01	5.72	0.00	3.05	3.27	8.40	

* Based on 2007 Peer Mortgage Data: Eastern Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: First National Bank and Trust Co of Newtown				
Evaluation Period: January 1, 2005 to September 30,2008															
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ*** Units	% BANK Loans	% Owner Occ*** Units	% BANK Loans	% Owner Occ*** Units	% BANK Loans	% Owner Occ*** Units	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Bucks County AA	340	100.0	0.00	0.00	4.13	0.59	44.76	24.71	51.11	74.71	0.55	0.00	0.24	0.29	0.84

* Based on 2007 Peer Mortgage Data: Eastern Region.

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES											Geography: First National Bank and Trust Co of Newtown				
Evaluation Period: January 1, 2005 to September 30,2008															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Bucks County AA	644	100.0	0.00	0.00	6.81	2.17	42.71	18.32	50.48	79.50	0.49	0.00	0.39	0.21	0.72

* Based on 2007 Peer Small Business Data: US-PR

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

*** Source Data - Dun and Bradstreet (2008).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE												Geography: First National Bank and Trust Co of Newtown				
Evaluation Period: January 1, 2005 to September 30,2008																
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	Over all	Low	Mod	Mid	Upp	
Full Review:																
Bucks County AA	104	100.00	11.87	7.37	15.09	14.74	22.87	22.11	50.17	55.79	0.29	0.83	0.31	0.26	0.28	

* Based on [2007] Peer Mortgage Data: Eastern Region.

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for [Percentage] of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT												Geography: First National Bank and Trust Co of Newtown				
Evaluation Period: January 1, 2005 to September 30,2008																
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	Over all	Low	Mod	Mid	Upp	
Full Review:																
Bucks County AA	797	100.0	11.87	8.90	15.09	12.65	22.87	25.55	50.17	52.90	5.73	10.16	4.72	5.79	5.58	

* Based on [2007] Peer Mortgage Data: Eastern Region.

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.8% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: First National Bank and Trust Co of Newtown				
Evaluation Period: January 1, 2005 to September 30,2008																
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	% Families***	% BANK****	Over all	Low	Mod	Mid	Upp	
Full Review:																
Bucks County AA	340	100.0	11.87	7.34	15.09	17.74	22.87	24.16	50.17	50.76	0.59	0.96	0.65	0.51	0.59	

* Based on [2007] Peer Mortgage Data: Eastern Region.

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

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 3.8% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: First National Bank and Trust Co of Newtown				
Evaluation Period: January 1, 2005 to September 30, 2008									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
Full Review:									
Bucks County AA	644	100.0	68.24	47.36	62.58	18.32	19.10	0.49	0.70

* Based on [2007] Peer Small Business Data: US.

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2008).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 7.92% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEWTOWN AA							
Evaluation Period: January 01, 2005 to September 30, 2008									
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Bucks County AA	5	2,500	22	84	27	2,584	100.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														Geography: NEWTOWN AA			
Evaluation Period: January 01, 2005 to September 30, 2008																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Bucks County AA	100	16	100	0	0	18.8	81.2	0	0	0	0	0	0	0	7.67	38.65	53.68