



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

March 25, 2002

Community Reinvestment Act Performance Evaluation

**The First National Bank And Trust Company Of Newtown
Charter Number: 324**

**40 South State Street
Newtown, PA 18940-0158**

Office of the Comptroller of the Currency

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

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

Table of Contents

<u>OVERALL CRA RATING</u>	2
<u>DEFINITIONS AND COMMON ABBREVIATIONS</u>	3
<u>DESCRIPTION OF INSTITUTION</u>	6
<u>SCOPE OF THE EVALUATION</u>	7
<u>FAIR LENDING REVIEW</u>	9
<u>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS</u>	10
<u>LENDING TEST</u>	10
<u>INVESTMENT TEST</u>	16
<u>SERVICE TEST</u>	17
<u>APPENDIX A: SCOPE OF EXAMINATION</u>	A-1
<u>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS</u>	B-1
<u>APPENDIX C: TABLES OF PERFORMANCE DATA</u>	C-1

Overall CRA Rating

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

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

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

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- FNB lending levels reflect good responsiveness to community needs.
- Borrower distribution of loans is good.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
- FNB made a good level of qualified community development investments and grants.
- Service delivery systems are accessible to geographies and individuals of different income levels in the assessment area.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

The First National Bank and Trust Company of Newtown (FNB) is a \$504 million institution as of December 31, 2001. The bank, located in Newtown, Bucks County, Pennsylvania, is an intrastate bank offering a wide array of loan, fiduciary, and deposit products. The bank has no operating subsidiaries, and there has been no merger or acquisition activity during the evaluation period. FNB is a subsidiary of FNB Bancorp, Inc., (Bancorp) which has total assets of \$507 million as of December 31, 2001. The only other subsidiary of the Bancorp is FNB Realty, Inc., which has \$3.3 million in real estate holdings used for FNB's operations. There are no other financial or legal impediments to hinder FNB's ability to help meet community credit needs.

FNB operates a total of 16 branches, which are all located in lower to middle Bucks County and within the Philadelphia Metropolitan Statistical Area (MSA). Twelve are full service branches with normal banking hours and extended hours on Friday. No branches have Saturday hours. FNB also operates four branch offices located within retirement communities. Similar services are provided at these retirement locations, but office hours are limited. The bank has automated teller machines (ATMs) at eleven of its branches. In addition, cash dispensing machines are available at two of the retirement village locations and at a local restaurant/dairy bar in Newtown. The cash dispensing machines do not accept deposits. No new branches were opened or closed during the evaluation period.

At December 31, 2001, FNB had total loans approximating \$284 million or 56% of total assets. The composition of the loan portfolio consists of commercial and commercial real estate loans at 35%, residential real estate (which includes home equity loans) at 55%, and consumer installment loans at 10%. Tier I capital as of December 31, 2001, was approximately \$50 million. Strong competition is provided by a number of financial institutions with banking offices in FNB's primary market of lower and middle Bucks County. Primary competitors include First Union, Citizens Bank, Fleet Bank, PNC N.A., Sovereign Bank, and First Savings of Perkasie.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test is January 1, 2000 through December 31, 2001. Our review covered the following loan products: all Home Mortgage Disclosure Act (HMDA) reportable mortgage loans, small business loans, and community development loans that were originated or purchased during the evaluation period. The bank made no small farm loans during the evaluation period. For the investment and services tests, we considered qualified investment activity and the bank's record of providing retail and community development services from January 28, 2000 through December 31, 2001. FNB's previous CRA examination was conducted as of January 27, 2000. The bank was assigned a rating of "Satisfactory."

Data Integrity

We reviewed the accuracy of the bank's HMDA records and CRA data collection of business loans. Our sample consisted of 35 HMDA records and 30 business loans from the CRA data. Investments, community development loans, and services submitted by management were also verified to ensure that they meet the regulatory definition for community development.

Our review of the HMDA records assessed the overall level of data integrity to be sufficient to support this analysis. While our review detected errors, the level of these inaccuracies did not diminish the credibility of HMDA submissions.

Based upon our testing, we found errors pertaining to CRA data collected on small business loans. Management promptly addressed and corrected its prior submissions to appropriately support the integrity of its CRA Data reporting. We used the corrected CRA data in the completion of this evaluation.

Selection of Areas for Full-Scope Review

FNB has one assessment area, which is included in the Philadelphia MSA. This area received a full-scope review, and our ratings are based on the results of this review. Refer to the table in Appendix A for further details.

Ratings

When determining overall conclusions for this evaluation, the bank's Lending Test was given more weight. Consumer and home mortgage lending represented the majority of loan originations during the evaluation period.

Other

To determine community credit needs and opportunities, during our examination we held discussions with management and performed two community contacts. Community credit needs and opportunities are discussed in the Market profile in Appendix B.

Fair Lending Review

An analysis of the most recent HMDA, Small Business Loans Data, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was conducted concurrently with the prior CRA examination in January 2000.

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 a full-scope review, the bank's performance in the assessment area (AA) is rated good.

Lending Activity

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

Overall, FNB's lending activity is good. Lending activity during the evaluation period reflects consumer lending 71%, home mortgage loans 23%, and small business loans 6%. No farm loans were originated during the evaluation period.

Among home mortgage loan originations, approximately 7% were for home purchase, 56% were for home improvement, and 37% were for home refinance. FNB is ranked sixth in deposits in the AA with a 6% market share as of December 31, 2001.

Based on 2000 HMDA aggregate data, FNB ranks 14th out of 376 lenders in the AA with a 1.74% market share. The other lenders ranked ahead of FNB are comprised primarily of larger regional banks and financial institutions that are strong competitors.

Based on the same aggregate data, FNB ranks 16th out of 109 lenders in small loans to businesses with a market share of 1.3%. The top five lenders include national lenders and larger regional financial institutions. Collectively, these larger institutions comprise 66% market share.

No market share data is available for small farm loans since that bank has not originated any farm loans during the evaluation period.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate in the AA. FNB's HMDA-related geographic lending patterns are consistent with owner-occupied housing throughout the various census tracts in the AA. Approximately 100% of the loans originated by FNB were located in middle- and upper-income census tracts. This performance is considered reasonable as 99% of owner-occupied housing and 98% of the AA population are found in these areas. This analysis reflects significantly limited opportunities for FNB to originate home purchase, home improvement, and refinance loans in the low- and moderate-income geographies as the percentage of owner occupied units is just 1% of the total owner occupied units within the four moderate-income CTs and the percentage of owner occupied units is less than 1% of the total owner occupied units in the bank's one low income CT, resulting in low market share data for these categories. Additionally, there is strong competition among financial institutions throughout the AA.

Home purchase loan geographic distribution is adequate. The percentage of home purchase loans originated in low- and moderate-income areas is negligible when compared to the level of owner-occupied units within these geographies. FNB has no appreciable market share for home purchase loans in low- and moderate-income geographies to compare to their overall market share of .04%

Home improvement loan geographic distribution is adequate in the AA. FNB originated a negligible amount of home improvement loans in its low-income geography where levels of owner-occupied units are nominal. The percentage of home improvement loans originated in moderate-income geographies is .16% compared to 1.35% of moderate-income owner-occupied units within these geographies. FNB's market share of 3.70% for home improvement loans is below its overall market share of 6.23% for home improvement loans.

Refinance loan geographic distribution is adequate in the AA. The percentage of refinance loan originations in low- and moderate-income geographies are negligible and compare below the levels of owner-occupied units found within these geographies. The bank's market share for low- and moderate-geographies ranks below its overall market share for refinance lending.

Small Loans to Businesses

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

The geographic distribution of small business loans is adequate based on limited opportunities and strong competition within low- and moderate-geographies of the AA. The percentage of small loans to businesses in low- and moderate-income geographies is below the percentage of small businesses within those geographies. Approximately .4% and 3% of all businesses in

the AA are in low- and moderate-income geographies respectively, compared to 0% and .4% of all small loans respectively originated by the bank. FNB has no market share in either of its low- or moderate-income geographies, which compares below its overall market share of 1%.

Consumer Loans

Refer to Table 13 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The distribution of consumer loans was compared to the percentage of households within low- and moderate-income geographies. FNB's distribution is good. Despite low population levels and competitive factors, the percentage of consumer loans originated in the bank's low-income geography exceeds the percentage of households found within that geography. Consumer lending represented the largest volume of loans originating during the evaluation period.

Lending Gap Analysis

No unexplained conspicuous gaps were identified in the bank's mortgage or consumer lending patterns. Also there were no gaps identified in FNB's small business lending activity.

Inside/Outside Ratio

A majority of the home mortgage loans, small loans to businesses, small farm loans, and consumer loans originated by FNB over the evaluation period were within the AA. The volume of loans originated in the AA during the evaluation period by product type was home mortgage loans (91%) and small loans to business (93%). The inside /outside ratio analysis indicates that FNB is responsive to all households within their AA.

Distribution of Loans by Income Level of the Borrower

FNB borrower distribution is good. The percentage of home mortgage loans originated by the bank to low-income borrowers generally approximates the percentage of low-income households within the AA. Additionally, loans originated to moderate-income borrowers generally exceed the percentage of moderate-income households within the AA.

Home Mortgage Loans

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

Home purchase loan distribution by borrower income level is good. The percentage of home purchase loans made to both low- and moderate-income borrowers compare favorably to the percentage of families that are low and moderate within the AA. FNB originated 9.1% of its home purchase loans to low-income borrowers compared to 10.6% of the families defined as low-income. Also, the bank originated 28.8% of home purchase loans to moderate-income borrowers compared to 14.7% of the families defined as moderate-income. FNB's market share for home purchase loans to low- and moderate-income borrowers in the AA exceeds its overall market share for home purchase loans.

Home improvement loan distribution by borrower income level is good. The percentage (8.25%) of home improvement loans to low-income borrowers is near the level of low-income families (10.6%) residing within the AA. The percentage (15.2%) of loans to moderate-income borrowers exceeds the percentage (14.7%) of families that are moderate-income. FNB's market share to low- and moderate-income borrowers exceeds its overall market share.

Home refinance loan distribution by borrower income level is good. The percentage (14%) of loans to moderate-income borrowers is very close to the percentage of moderate-income families within the AA while loans (5.7%) to low-income borrowers compare below the level of families (10.6%) defined as low-income borrowers. FNB's market share for home refinance loans to low- and moderate-income borrowers in the AA exceeds its overall market share for home refinance loans.

Small Loans to Businesses

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

The distribution of small loans to businesses is adequate. FNB originated 43% of its small loans to small businesses compared to 84% of all small businesses within the AA. The bank's market share (1.30%) exceeds its overall market share.

The distribution by size of loan indicates that a large majority (85%) of loan originations during the evaluation period were \$100,000 or less which substantially meets the percentage of small businesses in the AA. Small business lending was identified as a credit need of the AA.

Consumer Loans

Refer to Table 13 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

We compared FNB's distribution of consumer lending to the percentage of low-, moderate-, middle-, and upper-income households within the AA. The distribution of FNB's consumer loans is good. The percentage of loans to low- and moderate-income borrowers exceeds the percentage of similarly situated households within the AA.

Community Development (CD) Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

CD lending had a neutral impact on the Lending Test. FNB has made an adequate level of community development loans.

During the evaluation period, FNB made 3 CD loans totaling \$236,000 in the AA. These loans were made to a community based, non-profit housing corporation. The corporation primarily addresses the problem of homelessness and the lack of affordable housing by acquiring and rehabilitating houses for resale to low- and moderate-income persons or families. Also, the corporation operates a transitional housing program for the homeless families. The aforementioned loans were originated during 2001.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the lending test conclusion for the AA.

FNB continues to offer its First-Time Homebuyer Program and a lower cost student loan program called Keystone Best.

During the evaluation period, FNB originated under its First-Time Homebuyers program 23 loans totaling \$2.1 million. This program benefits first time homebuyers who are credit worthy but unable to meet the bank's regular residential mortgage requirements. The bank has established maximums income levels dependent upon the size of the family to qualify for this program.

FNB originated \$5.7 million in loans under its Keystone Best Program during the review period. This program available to Pennsylvania higher education students features lower up-front costs and reduced interest rates after 48 consecutive payments. Loans originated under this program represent a substantial portion of all student loans made during the review period.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

FNB's performance under the Investment Test is rated "High Satisfactory." The bank's response to credit and community development opportunities available within the assessment area is good.

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

Overall investment opportunities within the AA include grants and donations to many non-profit organizations that provide housing and community development related services for low- and moderate-income level individuals and families. Other investment opportunities include investment in housing bonds.

Current period investments totaling \$3.3 million exhibit good responsiveness to the primary credit needs in the AA. Community contacts and internal research indicate that affordable housing is needed. During the evaluation period, FNB purchased 5 housing bonds including 1 Pennsylvania and 4 government agency sponsored mortgage backed securities. These securities promote home financing for low- and moderate-income individuals and families. The Pennsylvania Agency bond provides benefits for home financing at a state level including the bank's AA. The 4 government agency bonds are structured to support housing in MSA 6160, which more directly benefits the bank's AA.

FNB provided a total of 30 qualified grants totaling \$59 thousand to 21 community organizations within the AA. Of these totals, 4 grants went to affordable housing organizations, and 26 grants went to organizations providing community development services benefiting low- and moderate-income individuals.

The bank also donated office furniture to an after-school program operated by the No Longer Bound Prevention and Training Services in Bristol, Pa. Other in-kind contributions include the use of the bank's billboard to promote fund raising activities conducted by the Interfaith Housing Development Corporation of Bucks County. The bank absorbed the associated marketing costs of \$1,960.

FNB leases office space to a non-profit community organization, which provides credit counseling and homebuyer counseling to participants of the First-Time Homebuyers Program. The rental rate charged by FNB is below market and saves the organization approximately \$8,000 annually.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "Low Satisfactory."

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.

Retail services are accessible to geographies and individuals of different income levels through branch delivery systems within the bank's AA. Branch locations are in close proximity of the AA's low- and moderate-income geographies with access available via main thoroughfares and public transportation.

FNB provides banking services throughout the entire AA with sixteen branch locations of which four are limited hour branches at retirement communities. Twenty-five percent of the branches are located in middle-income CTs with the remaining 75% located in upper-income CTs. The majority of low- and moderate-income households reside within middle- and upper-income CTs within the AA. Ninety-four percent of the low-income households and 96% of the moderate-income households are located in middle- and upper-income CTs. During the evaluation period two of the bank's branches (Levittown & Warminster) moved from their original site to free standing buildings along the same unit block to provide improved customer access. No discernable change or in impact on services resulted from this move.

Office hours provide convenience and reasonable access for the entire community and include extended Friday hours at all full service locations. Continued growth of the bank's customer base during the evaluation period indicates that the hours are meeting the needs of the community. Services offered to all customers are consistent and do not preclude convenient access to low- and moderate-income individuals living within the AA.

FNB also offers ATM services to its customers with ATM's at eleven full service branches and with three cash dispensing machines, one at a local restaurant facility and two at retirement branch locations. All twelve full service branches are equipped with drive-in facilities. No additional branches were opened, and no branches were closed during this evaluation period.

FNB offers a full line of traditional products and services appropriate for an institution of its size and capacity. Online banking with optional bill payer service and E-mail access was introduced during the evaluation period. The fee for the Visa Check or ATM card remains a low \$1 per card per month for unlimited transactions. This fee is waived for student accounts. Consumer products include various demand deposit and savings plans priced to meet the needs of a variety of customers.

Community Development Services

FNB provides a good level of community development services within its AA. Community development activities include involvement by several officers and employees of FNB that benefit several community organizations.

An Officer and employee, as a member of the Board of Directors, provides technical skills and financial expertise as the organization's Treasurer to promote the activities of a community and professional organization whose purpose is to advance the general welfare and prosperity of all citizens and areas of the business community.

A senior executive, as a member of the Board of Directors, furnishes financial and marketing expertise to a non-profit organization that provides credit counseling and homebuyer counseling for the First-Time Home Buyer Program, a service primarily for low- and moderate-income individuals.

Bank employees provide technical assistance in the annual fundraising function of a non-profit organization involved in providing affordable housing for sale or rent to homeless and low-income families. The assistance includes marketing and solicitation of donations.

An employee, as a member of the Board of Directors, furnishes financial expertise for a non-profit organization that provides after school care and summer camp for low- and moderate-income families.

A senior executive, as a member of the family selection committee, provides technical and financial expertise to a non-profit affordable housing organization.

A business development officer, in his capacity as a bank employee, serves on the Board of the local Chamber of Commerce to enhance the economic climate and address the priority needs of its members for the benefit of the community.

The President and CEO, in his capacity as a senior executive of the bank, uses his banking skills serving as Treasurer and a Board member of the Community Welfare Council, which provides medical and housing assistance to low- and moderate-income residents of a local nursing home and elderly housing facility.

The President and CEO, in his capacity as a senior executive of the bank, serves as a Board member of the Joint Downtown Newtown Corporation whose goals include implementing community revitalization programs using community funds along with federal and state grants.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test: 01/01/00 to 12/31/01 Investment Test: 01/01/00 to 12/31/01 Service Test: 01/01 00 to 12/31/01 CD Loans: 01/01/00 to 12/31/01	
Financial Institution	Products Reviewed	
The First National Bank and Trust Company of Newtown Newtown, Pennsylvania	HMDA Reportable Loans, Small Business Loans, Community Development Loans, Investments and services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
No affiliate products	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Philadelphia MSA #6160 (Bucks County)	Full Scope	None

Appendix B: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

FNB & TC of Newtown

B-2

.]

The FNB & TC of Newtown AA

Demographic Information for Full-Scope Area: Philadelphia MSA 6160							
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #	
Geographies (Census Tracts/BNAs)	99	1.01	4.04	48.48	45.45	1.01	
Population by Geography	455,484	0.02	2.39	52.28	45.32	0.00	
Owner-Occupied Housing by Geography	120,306	0.01	1.35	49.33	49.30	0.00	
Businesses by Geography	24,111	0.39	3.09	49.67	46.82	0.03	
Farms by Geography	681	0.59	1.17	40.23	58.00	0.00	
Family Distribution by Income Level	122,802	10.63	14.72	24.78	49.87	0.00	
Distribution of Low- and Moderate-Income Families throughout AA Geographies	31,132	0.06	5.01	66.85	28.08	0.00	
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$41,908 = \$60,100 = 4.25%	Median Housing Value Unemployment Rate				148,448 2.19 %	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

Description of Assessment Area

FNB has one defined AA, which covers portions of the Philadelphia MSA 6160 (Bucks County). The AA contains a total of ninety-nine census tracts (CTs). All the CTs are located in lower to mid-Bucks County. The AA contains one low-income CT (1% of total CTs) and four moderate-income CTs (4%). The majority of the tracts (48) are designated middle income (49%) while the remaining forty-five CTs are upper-income (45%). Data was not available for one tract (1%) located in Bucks County.

FNB’s AA complies with regulatory requirements and does not arbitrarily exclude low- and moderate-income areas. All market share data discussed in this Public Evaluation is in reference to the bank’s market share within the AA rather than in any larger geographic area.

Lending opportunities are limited in the bank’s one low income CT as the percentage of owner-occupied units is less than 1% of the total owner occupied units. The population within this CT is also limited as it is less than 1% of the AA’s population. This low CT contains a closed steel mill, bodies of water, and undeveloped land along the Delaware River.

The four moderate-income CT’s also contain a low percentage of the total population and owner occupied housing units. The population within the four moderate-income CTs represents 2% of the total AA population. The percentage of owner occupied units within the four moderate-income CTs is just 1% of the total owner occupied units. One moderate-income

CT contains a landfill that represents the highest land use in this CT. Another moderate-income census tract includes Warminster Heights where a federally owned housing project is located. A third moderate-income CT contains housing for low-income senior citizens (Grundy Towers) and rental units owned by several affordable housing organizations.

Based upon the 1990 census tract, the bank's AA has a population of 455,484 that includes 122,802 families. The average updated median family income for the AA per Department of Housing and Urban Development (HUD) guidelines is \$51,511. The census median family income for the MSA 6160 is \$41,908. Of the 167,470 total housing units, 79% are one-to-four family units. Owner-occupied housing and rental occupied housing represents 72% and 23% of the total housing units available, respectively. Vacant housing units represent the remaining 5% of the total housing units. The average age of the housing units in the AA is thirty-five years, and the average cost of these units is \$148,44.

Major local employers and industries include Bucks County Government, Rohm & Haas, USX Corp., Woods Services, Doylestown Hospital, St. Mary Medical Center, and Union Fidelity Life Insurance Company. The shift from manufacturing to services industries in the county continues. Economic expansion in Bucks County is largely supported by small business concerns. The 4% unemployment rate for November in Bucks County was better than the 4.9% rate for Pennsylvania.

Population in the county has continued to grow from approximately 500,000 to 600,000 during the past decade. Housing has experienced substantial growth in middle to upper income levels with age restricted and retirement communities representing a significant portion of new housing within the AA.

Credit needs of the community were determined during this examination through discussions with management and community contact activities. Interviews were conducted with officials from a county Redevelopment Authority and a local business organization. Both of these agencies promote economic development within the bank's AA while also addressing the needs of low- and moderate-income individuals residing within the community. We ascertained through these discussions that the primary credit needs of the AA are affordable housing and small business lending.

Bank management also stated that home equity loans for home improvement and other purposes were recognized as additional primary credit needs of the community.

Appendix C: Tables of Performance Data

Content of Standardized Tables

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

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

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

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- FNB did not originate any small loans to farms during the evaluation period. Farm lending is not a primary loan product for the bank.
- 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.

FNB did not originate any small loans to farms during the evaluation period. Farm lending is not a primary loan product for the bank.

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

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

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

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

Institution ID: 1000000324 The First National Bank & TC of Newtown

Table 1. Lending Volume

LENDING VOLUME												
Geography: FNB & TC of NEWTOWN												
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001												
MA/Assessment Area (2001):	% 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:												
FNB & TC of Newtown	100.00	1,082	50,002	275	20,459	0	0	0	0	1,357	70,461	100.00

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From January 01, 2000 to December 31, 2001.

*** Deposit Data as of December 31, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 1000000324 The First National Bank & TC of Newtown

Table 1. Other Products

LENDING VOLUME														
Geography: FNB & TC of Newtown														
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001														
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
FNB & TC of Newtown	100.00	3,429	123,216	43	11,189	2,328	88,899	460	6,717	0	0	227	4,108	100.00

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2001.

*** Deposit Data as of December 31, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 1000000324 The First National Bank & Trust Company of Newtown

Table 1. Other Products

LENDING VOLUME		Geography: FNB & TC of Newtown		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001	
MA/Assessment Area (2001):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
FNB & TC of Newtown	328	1,114	0	0	

* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

InstitutionID: 1000000324 The First National Bank & Trust Company of Newtown

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE															Geography: FNB & TC of Newtown					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
FNB & TC of Newtown 2002 AA	71	100.00	0.01	0.00	1.35	0.00	49.33	43.66	49.30	56.34	0.40	0.00	0.00	0.36	0.43									

* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 1000000324 **The First National Bank & Trust Company of Newtown**

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT															Geography: FNB & TC of Newtown															Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001														
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*																																	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp																											
Full Review:																																												
FNB & TC of Newtown 2002 AA	607	100.00	0.01	0.00	1.35	0.16	49.33	36.90	49.30	62.93	6.23	0.00	3.70	5.38	6.91																													

* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 1000000324 **The First National Bank & Trust Company of Newtown**

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: FNB & TC of Newtown					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*													
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
FNB & TC of Newtown 2002 AA	404	100.00	0.01	0.00	1.35	0.00	49.33	38.37	49.30	61.63	1.74	0.00	0.00	1.75	1.78									

* Based on 2000 Peer Mortgage Data: Northeast Region.

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

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

Institution ID: 1000000324 **The First National Bank & Trust Company of Newtown**

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY															Geography: FNB & TC of Newtown					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001										
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*																			
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp															
Full Review:																														
FNB & TC of Newtown 2002 AA	0	0.00	0.00	0.00	4.86	0.00	70.47	0.00	24.67	0.00	0.00	0.00	0.00	0.00	0.00															

* Based on 2000 Peer Mortgage Data: Northeast Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Institution ID: 1000000324 The First National Bank & Trust Company of Newtown

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: FNB & TC of Newtown					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
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 Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	% of Businessess***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
FNB & TC of Newtown 2002 AA	275	100.00	0.39	0.00	3.09	0.36	49.67	43.27	46.82	56.36	1.00	0.00	0.00	0.89	1.28									

* Based on 2000 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 (2001).

Institution ID: 1000000324 The First National Bank & Trust Company of Newtown

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: FNB & TC of Newtown					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001					Market Share [*]				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
FNB & TC of Newtown 2002 AA	71	100.00	10.63	9.09	14.72	28.79	24.78	16.67	49.87	45.45	0.43	0.60	0.67	0.22	0.44	

^{*} Based on 2000 Peer Mortgage Data: Northeast Region.

^{**} As a percentage of loans with borrower income information available. No information was available for 7.04% of loans originated and purchased by BANK.

^{***} Percentage of Families is based on the 1990 Census information.

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

Institution ID: 1000000324 **The First National Bank & Trust Company of Newtown**

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT															Geography: FNB & TC of Newtown					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [*]													
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp									
Full Review:																								
FNB & TC of Newtown 2002 AA	607	100.00	10.63	8.25	14.72	15.15	24.78	27.61	49.87	48.99	6.15	9.17	6.25	8.78	4.43									

^{*} Based on 2000 Peer Mortgage Data: Northeast Region.

^{**} As a percentage of loans with borrower income information available. No information was available for 2.14% of loans originated and purchased by BANK.

^{***} Percentage of Families is based on the 1990 Census information.

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

Institution ID: 1000000324 The First National Bank & Trust Company of Newtown

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: FNB & TC of Newtown					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001									
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [*]																		
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp														
Full Review:																													
FNB & TC of Newtown 2002 AA	404	100.00	10.63	5.71	14.72	14.03	24.78	27.01	49.87	53.25	1.77	1.98	2.01	1.97	1.56														

^{*} Based on 2000 Peer Mortgage Data: Northeast Region.

^{**} As a percentage of loans with borrower income information available. No information was available for 4.70% of loans originated and purchased by BANK.

^{***} Percentage of Families is based on the 1990 Census information.

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

Institution ID: 1000000324 **The First National Bank & Trust Company of Newtown**

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: FNB & TC of Newtown Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001									
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:									
FNB & TC of Newtown 2002 AA	275	100.00	84.19	42.55	85.09	9.45	5.45	1.00	1.29

* Based on 2000 Peer Small Business Data: US&PR.

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

**** 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 20.36% of small loans to businesses originated and purchased by the bank.

Institution ID: 1000000324 **The First National Bank & Trust Company of Newtown**

Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)

Geographic and Borrower Distribution: CONSUMER LOANS																		
Geography: FNB & TC of Newtown Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
Full Review:																		
FNB & TC of Newtown 2002 AA	3,343	100.00	0.03	0.09	2.51	0.33	54.01	36.31	43.45	63.24	13.74	14.16	12.99	16.09	20.66	24.41	52.62	45.34

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

** Percentage of Households is based on the 1990 Census Information.

Institution ID: 1000000324 **The First National Bank & Trust Company of Newtown**

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: FNB & TC of Newtown									
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001									
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:									
FNB & TC of Newtown 2002 AA	1	995	5	3,339	0	60	4,334	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.

Institution ID: 1000000324 The First National Bank & Trust Company of Newtown

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: FNB & TC of Newtown				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001									
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:																	
FNB & TC of Newtown 2002 AA	100.00	16	100	0.00	0.00	25.00	75.00	0	0	0	0	0	0	0.02	2.39	52.28	45.32