

B. COMMUNITY REINVESTMENT GOALS

Financial institution's annual Community Reinvestment Goals should include information on the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.

- a. Provide an overview of the financial institution's annual Community Reinvestment Goals.**

Republic First Bank differentiates itself from other competitors in a number of ways which are outlined in the following summary. The Bank's primary mission is to serve small and medium sized businesses that are underserved as a result of mergers and acquisitions. Large banks typically do not devote enough attention to smaller businesses and force such businesses to fit into their lending program. Lending decisions are often made outside of Philadelphia, without adequate knowledge of local markets. Republic First Bank customizes its lending to individual customer needs as to terms, and thus encourages economic activity necessary to the continuing revival of the city.

- b. Provide the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.**

Type	2008 Goals	2008 Results	2009 Goals
Small Business Loans	0	24	0
Home Mortgages	0	3	0
Home Improvement Loans	0	0	0
Community Development Investments	0	0	0

If applicable, explain why previous year results did not meet the stated goal.

*Republic First Bank does not set separate goals for the City of Philadelphia. Further, they are included in the goals for our overall assessment area.

- c. Provide the actual number and dollars of small business loans, home mortgages, home improvement loans, community development investments, consumer loans, and other commercial loans made in neighborhoods within the City of Philadelphia.**

Calendar Year 2008

Number of Loans

Type	Low	Mod	Mid	Upp	Total
Residential Mortgage	1	1	0	1	3
Home Improvement	0	0	0	0	0
Small Business Loans	4	4	7	8	24
Community Development	0	0	0	0	0
Consumer Loans	1	4	1	1	7
Other Commercial Loans	0	0	0	0	0
Total:	6	9	8	10	34
How many business loans were originated?	4	4	7	8	24

*** Includes an additional loan to a census tract designated "Unknown".**

Value of Loans (\$)

Type	Low	Mod	Mid	Upp	Total
Residential Mortgage	50,000	70,000	0	1,000,000	1,120,000
Home Improvement	0	0	0	0	0
Small Business Loans	1,090,000	910,000	3,130,000	1,775,000	7,905,000
Community Development					
Consumer Loans	50,000	9,024.89	2,500	1,000,000	1,142,741.89
Other Commercial Loans					
Total:	1,119,000.00	989,024.89	5,630,000.00	3,775,000.00	9,048,861.89
*% of Consumer Loans made through Credit Cards	0	0	0	0	0

- d. **Provide information on other types of community development investments made in neighborhoods within the City of Philadelphia (for example: Grants, Education, Public or related Commercial Development).**

In the past, Republic First Bank management and staff participated in a variety of community development organizations which promote financial service education within its community. We have also marketed our various commercial financial solutions at several forums and will continue to do this. Republic First Bank is well capitalized and a safe and sound financial institution. The served community consists of low, moderate, middle and upper income families with an average senior population. The local economy is stable and growing. Within the municipality and local businesses, Republic First Bank has established good working relationships and is known as one of the leading commercial banks of the community with an excellent record of corporate citizenship and community service. There are many informal activities that assist Republic First Bank in meeting its community credit needs. The majority of employees and board members live in the community, or are engaged in community activities that provide a forum for discussion about Republic First Bank services. The bank is well known for its charitable donations and civic contributions. It is our hope that this knowledge will attract individuals and organizations to approach the Bank for special credit needs or financial assistance.

e.* Please briefly describe any lending outreach programs geared toward minorities, low-income persons, immigrants, or women. This description should include the targeted community, the type of product (i.e. commercial, home lending, unsecured consumer) and any program outcomes.

Community Lenders Community Development Corporation: Promotes revitalization through financing of, and investment in, housing and community development activities and addresses needs of low and moderate income person in areas throughout Bucks, Chester, Delaware & Montgomery Counties, with specific emphasis on communities where the member Banks are located.

Women's Opportunity Resource Center ("WORC"): The mission of the WORC is to promote social and economic self-sufficiency primarily for economically disadvantaged women and their families. WORC provides training, individual business assistance, job placement, and access to business and financial resources. WORC empowers its constituents through various self-help strategies including savings mobilization, a self-employment network, and access to its local, national and international affiliations. Additionally, WORC encourages community awareness and responsiveness concerning issues impacting economic equity and independence. Republic First Bank opens account to support the above-referenced saving activities and serves on the Board of WORC, as well as its Loan Committee.

REPUBLIC FIRST BANK (RFB)
CRA STRATEGIC PLAN
PERIOD COVERING 2009 - 2011

Background

CRA was designed to encourage banks to assess and meet the credit needs of their local communities, including low-to-moderate income and minority borrowers and areas, consistent with safe and sound banking operations. The FDIC applies *the lending, investment, and service tests* in evaluating the CRA performance of a bank.

Examination procedures vary slightly according to size of the bank. Although RFB falls under the definition of an intermediate bank, at this time, it is company policy to follow large bank performance standards. All financial institutions are assigned a composite CRA rating based on the results of a CRA examination.

The categories of composite ratings that are assigned to every institution's CRA performance are as follows:

1. Outstanding;
2. Satisfactory;
 - a) high satisfactory
 - b) low satisfactory
3. Needs to Improve; and
4. Substantial Noncompliance.

The composite performance rating is assigned based upon the assigned rating principles and the scoring matrix, adjusted for any evidence of discrimination or other illegal credit practices. The Lending Test carries the most weight in this evaluation.

In an effort to comply with the letter and intent of CRA and all other applicable consumer and fair lending laws, the bank will strive to identify the credit and developmental needs of its community by:

1.) Reaching out to community development leaders to discuss their needs.

A. Examples of community leaders are:

- Management of Local Housing Authorities;
- Neighborhood and Civic Group Leaders;
- County and Township Representatives;
- Local Chambers of Commerce and Economic Development Offices;
- 501(c)(3) Charitable Groups;
- Businesses, including large employers within the community;

- Small businesses, particularly those owned by members of any protected class.
- 2.) Determining how Republic First Bank can best support those needs via outreach efforts such as:
- Establishing two-way ongoing communication between community representatives;
 - Understanding the Purpose of the Organization;
 - Finding out the organization's perception of community needs;
 - Discussing best avenues the bank can take to assist in meeting those needs, (e.g., providing loans, grants, service on the board, financial literacy training, etc.).
- 3.) Establishing a CRA Action Plan to accomplish the aforementioned.

Accordingly, the purpose of this plan is to:

1) Communicate our needs for a successful CRA Program.

- A. Develop a CRA Action Plan commensurate with corporate strategies;
- B. Re-engineer processes consistent with industry-wide best practices and regulatory requirements for complete, accurate, and efficient data collection.
- C. Define and clearly outline roles and responsibilities.

2) Describe CRA Qualified Investments and Services. Such qualified investments (described below) can take the form of grants (usually larger dollar amounts), donations (smaller dollar amounts), loans, investments which yield returns or tax credits for the Bank. Records of investments and services are centrally located in the Compliance and Audit Department.

- A. Grants or donations reviewed by CRA Officer of up to \$1,000.
- B. Grants or donations exceeding \$1,000 each will be reviewed and approved by an executive officer of the bank based on the criteria described below.
 - a. Reputational benefit
 - b. Community impact
 - c. Potential marketing benefit
 - d. Overall risk-return impact
- C. Any large dollar investments: 1) must be reviewed for qualification status by the CRA Officer; 2) must be reviewed by the CFO for a cost benefit analysis; and, 3) where appropriate, needs a full credit risk analysis approval by a senior lending officer; Analysis will be completed in accordance with the Credit Policy and within a reasonable timeframe.
- D. Upon review and recommendation of the Compliance Department, all loans that qualify as CRA investments will be forwarded to a senior loan officer for credit analysis. Analysis will be completed in accordance with the Credit Policy and within a reasonable timeframe.

E. *Examples of Qualified Investments:*

- In or to financial intermediaries lending to/in low-med income areas/individuals
- In support of organizations engaged in affordable housing rehab./construction, including multi-family rental housing.
- In support of organizations promoting economic development by financing small businesses, **e.g.**, small business investment companies.
- To support or develop facilities in low/mod-income areas for low/mod-income individuals. (**e.g.**, youth programs., homeless centers, soup kitchens, health care facilities, battered women's centers, alcohol/drug rehab centers.)
- In projects eligible for low-income housing tax credits.
- In state or municipal obligations that specifically support affordable housing or other community development.
- To not-for-profit organizations serving low/mod-income housing or other community. Development needs, such as counseling for credit, home-ownership, home maintenance and other financial services education.
- In or to organizations supporting activities essential to the capacity of low/mod-income individuals or geographies to utilize credit or to sustain economic development such as day care operations and job training programs that enable people to work.

D. *Examples of Qualified Services:* The services must fall within the following Community Development Purpose Descriptions:

- Service relates to affordable housing (including multi-family rental housing) for low or moderate-income individuals).
- Community service targeted to low/mod-income individuals.
- Service relates to activity that promotes economic development by financing small businesses or farms.
- Service relates to activity that revitalizes or stabilizes low or moderate-income geography
- Service activity that is related to the provision of financial services*

** Examples: 1) Service on BOD of an organization that promotes credit availability or finances affordable housing; or 2) providing technical assistance about financial services to community based groups, local or tribal government agencies or intermediaries that help meet credit needs of low/mod income people, small businesses or farms.*

Additionally, services should fall within one of the following descriptions:

- Providing technical assistance on financial matters to small businesses or community development organizations.
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing.
- Providing credit counseling, home buyers or home maintenance counseling, or financial planning to promote community development and affordable housing.
- School savings program for low/mod-income individuals.
- Providing electronic benefits transfer and point of sale terminal systems to improve access to financial services, such as by decreasing costs, for low/mod-income individuals.
- Providing other financial services w/ the primary purpose of community development, i.e., low cost bank accounts or free government check cashing that increases access to financial services for low/mod-income people.**

*** Examples: 1) Serving on a loan review committee; 2) developing loan application and underwriting standards; 3) developing loan processing systems; 4) developing secondary market vehicles or programs; 5) assisting in fundraising, including soliciting or arranging investments.*

3) State clear lending, service and investment goals

- A. Establish goals regarding loans to or investments in connection with Small Business
- B. Establish goals regarding Bank officers performing CRA qualified community outreach service.
- C. Choose and maintain consistency of industry focus within CRA Plan;
 - Small Business loans or investments
 - Non-profit Community organization assistance.
- D. Carefully chose investments with greater allegiance to those offering tax credits or those associated with education and small business development. Monitor loan performance for safety and soundness.

Strategic Plan CRA performance goals and objectives.

Goals/Objectives	2009	2010-2011
Geographic Penetration percentages	75% inside Primary and Secondary Assessment area.	60% minimum primary; 30% secondary; 10% other.
Geographic Penetration dollars	70% inside Primary and Secondary assessment area.	60% minimum primary; 30% secondary; 10% other.

Small businesses <= \$1 million in revenue and loans under \$500,000.	55% in LMI census tracts within assessment area.	No more than 55% in Upper income level census tracts.
Community Development Lending/ Innovative and Flexible Lending: Community Lenders Community Development Corp., (CLCDC). The Reinvestment Fund Women's Opportunities Resource Corp (WORC). Small Business Administration. Federal Home Loan Bank of Pittsburgh Banking on Business Program.	\$2.5 million.	1-3%% of gross capital or establish \$ limit.
Investments Mortgage backed securities PA State and Municipal Housing bonds Minority owned CD Community Economic Development Philadelphia Affordable Housing Bond Securitized SBAs	1,000,000. Additional Investments.	1-3% of gross capital; no less than prior year aggregate with incremental increase based on Bank's size; combination of investment & flexible lending based on market availability.
Grants/Donations	\$30,000	\$35,000.00 – 2010; \$40,000.00 - 2011
Lenders/Loan Administration Re: Community Development loans.	Solidify Tracking System.	Continue to enhance procedures for Lenders to identify CRA qualified lending or investment opportunities.
Training and Outreach Community Outreach CRA organization involvement Banker's Edge Training Program	Build on community contacts and track adherence to PC based training program.	Continue to foster relations for reputation and opportunity; enhance in-house training program.
Community Survey Goals Officer/Employee Involvement	Tracking process by Compliance and analysis thereof.	Support organizations with CRA loan and investment potential
Community Development Service Activities Outreach programs participation	Tracking process by compliance and analysis thereof.	Track and based on analysis increase officer involvement, if appropriate, based on new goals.
Retail Banking Services Community oriented programs.	Lending and deposit products geared to community needs.	Expansion of community oriented products, including the consideration of online banking products.
Branch Opportunities Expansion of branch network into all segments of assessment area.	Consider the convenience and needs of community.	Continue to consider census tract's income level while determining where to expand
Management Reporting. Fully informed Senior Management and	Periodic reporting and annual self	Formalized and enhance program for

Directors	assessment to Board and Management.	CRA reporting where appropriate.
Assessment Area. On-going CRA awareness thereof.	Philadelphia, Montgomery, and Delaware Counties and Southern New Jersey.	Potential expansion Lower Bucks and Chester Counties, as well as increased focus on Southern New Jersey.

4) Outline lending, service and investment goals based on prior Bank activities, Action Plan adherence analysis and on perceived FDIC expectations and examination findings.

- A. The goal is to evaluate and monitor the Bank's practices and performances in all aspects of CRA activities, with the objective of maintaining the outstanding rating which was accorded at the most recent FDIC examination.
- B. From self assessment, take a more proactive and fiscally responsible CRA role within the community where appropriate:

5.) Summarize the management structure and analytical process necessary to implement this plan

CRA roles and responsibilities that are commonplace within the financial industry are identified below. Companywide cooperation with respect to such roles & responsibilities are vital to the success of the Bank's CRA Plan:

Board of Directors

- Appoints a bank management team member as the CRA officer to establish, implement, and maintain CRA information systems and supporting files.
- Delineates an assessment area based on branch locations, size, condition, lending expertise, and competition.

Chief Risk Management Officer

- Analyzes program results and reports to Board; supervises activity that supports overall CRA goals; evaluates recommendations from CRA officer.

CRA Officer

- Responsible for day-to-day oversight and management of the CRA program, including data input; timely submissions, monitoring controls, tracking of progress with goals, maintaining up-to-date records, and maintenance of public files.
- Maintains a list of community contacts, including local government officials, businesses, and community organizations.
- Reviews and recommends participation in CRA qualified opportunities that help the bank reach its goals.
- Ensures that adequate CRA training occurs within the bank.

- Responsible for adherence to HMDA requirements implementing in a satisfactory manner all updates and revisions in the Regulations.

Lending Officers and Credit Administration

- Responsible for accurate and complete HMDA and CRA data collection.
- Seeks and identifies CRA lending opportunities within defined market; participates in CRA qualified services as recommended by the CRA Officer.
- responsible for bringing to loan officers' attention any deficiencies with respect to missing HMDA and CRA data on the form before completion of loan processing.

Chief Financial Officer

- Seeks and identifies CRA investment opportunities, with the guidance of the CRA officer, within defined market.

Branch Staff:

- Ensures that the CRA public file is accessible at all times to the public.
- Brings to CRA Officer's attention any written complaints or other concerns pertaining to fair lending.

Compliance/Audit Staff:

- Manage information collected by Loan Officers on HMDA and CRA reportable loans;
- Ensure data integrity and timely reporting of data into the FFIEC's reporting software.
- Accurately manage the assessment of community lending, service and investment activities performing a self assessment of adherence to the CRA action plan and the satisfactory meeting of the Lending, Investment, and Service Tests.

6.) Monitor Program's Effectiveness

- A. On-going monitoring, with periodic reporting and annual self assessment to Board and Senior Management.
 - B. Adjust CRA Plan as necessary based on market, exam results or change in bank strategy.
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