



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks and Federal Savings Associations

Washington, DC 20219

PUBLIC DISCLOSURE

October 22, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ocean City Home Bank
Charter Number 705091

1001 Asbury Avenue
Ocean City, NJ 08226

Office of the Comptroller of the Currency

Philadelphia Field Office
1150 Northbrook Drive, Suite 303
Trevese, PA 19053

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, nor should it 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- A substantial majority of Ocean City Home Bank's (OCHB) primary loan products were originated within the institution's assessment areas (AAs).
- OCHB's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, lending-related activities, and AA needs.
- OCHB's distribution of home mortgage loans represents a reasonable penetration among borrowers of different income levels.
- The geographic distribution of home mortgage loans reflects a reasonable dispersion throughout OCHB's AAs.
- OCHB's responsiveness to community development (CD) needs and opportunities in its AAs is adequate.

Scope of Examination

OCHB was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the institution's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AAs through CD lending, qualified investments, and CD services.

The lending test for OCHB covers its performance from January 1, 2009 through December 31, 2011. The scope of our lending test review did not include small business, small farm or consumer loans due to the low volume of originations of these loans during the evaluation period. The evaluation period for the CD test is from July 7, 2009 through October 22, 2012. CD loans, investments, and services submitted by management were verified to ensure that they met the regulatory definition for community development.

OCHB's primary loan products are home mortgage loans. The institution reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The reported HMDA data was tested prior to this review and found to be reliable for the purposes of our analysis. Therefore, the HMDA data was used to evaluate home mortgage performance.

Table S1 depicts the maximum income amount for each income range in OCHB’s AAs.

Table S1 - Definition of Income Ranges Used in the Evaluation					
Income Category	Maximum Income in for Income Range				2010 Median Family Income (MFI)
	Low	Moderate	Middle	Upper	
% Range of MFI	<50%	50%-<80%	80%-<120%	≥120%	
Atlantic County AA	\$35,549	\$56,879	\$85,319	\$85,320	\$71,100
Cape May County AA	\$35,049	\$56,079	\$84,119	\$84,120	\$70,100

Description of Institution

OCHB is a federally chartered thrift institution headquartered in Ocean City, New Jersey. As of June 30, 2012, OCHB had total assets of \$1.01 billion and Tier 1 Capital of \$97.3 million. OCHB is wholly owned by Ocean Shore Holding Co., a one-bank holding company with consolidated assets of \$1.03 billion. OCHB offers a full range of deposit and loan products and services. Residential mortgage lending is OCHB’s primary business focus with various fixed and adjustable-rate mortgage products offered. Deposit products and services include low-cost checking accounts with free online and mobile banking, business sweep accounts, and individual retirement accounts (IRAs).

OCHB operates a network of 12 banking locations throughout Atlantic and Cape May Counties. In addition to the main office located in Ocean City, OCHB operates 11 full-service branches, all equipped with drive-up facilities and deposit-taking ATMs, to serve the needs of its AAs. On August 1, 2011, OCHB acquired Select Bank and its five branch offices. However, as a result of overlapping locations with current OCHB branch locations, three of the five branches acquired from Select Bank were closed on September 16, 2011. None of the three branches closed were located in low- or moderate-income geographies, and all existing customers were consolidated into existing OCHB branches located in the same or adjacent census tracts.

As of June 30, 2012, OCHB reported total loans of \$705 million and had a total loans to total assets ratio of 69 percent. The total loan portfolio of \$705 million is 99 percent real estate and one percent “other” loans, which comprises mostly of commercial non-mortgage and consumer loans. Table T1 provides more detail below.

Table T1 - Loan Portfolio Summary by Loan Product			
June 30, 2012			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage Loans	\$597,630	84.8%	58.7%
Commercial Mortgage Loans	77,743	11.0%	7.6%
Construction and Land Development	22,946	3.3%	2.3%
Commercial Non-Mortgage Loans	5,872	0.8%	0.6%

Consumer Loans	867	0.1%	0.0%
Total	\$705,058	100.0%	69.2%

The institution has no financial or legal impediments to meeting the credit needs of the community. The institution was rated “Satisfactory” at the last CRA examination dated July 6, 2009, using intermediate small bank procedures.

Description of Assessment Area(s)

OCHB has two assessment areas (AAs) in Southeastern New Jersey, which are described below.

Atlantic County Assessment Area (AA)

The Atlantic County AA is comprised of one complete county in New Jersey, Atlantic County. The county is located in Southeastern New Jersey and comprises the Atlantic City-Hammonton, NJ Metropolitan Statistical Area (MSA) #12100. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Tables D1 and D2 summarize the demographic information for this AA:

Table D1 - Demographic Information for the Atlantic County AA						
Demographic Characteristics	#	% Low	% Moderate	% Middle	% Upper	% NA*
Geographies (Census Tracts)	63	6.35	17.46	57.14	17.46	1.59
Population by Geography	252,552	4.31	16.09	61.29	17.52	0.80
Owner-Occupied Housing by Geography	63,040	0.98	9.67	66.07	23.25	0.04
Businesses by Geography	24,630	5.21	12.52	59.81	22.45	0.02
Farms by Geography	613	0.33	3.75	77.16	18.76	0.00
Family Distribution by Income Level	63,431	19.29	18.27	23.34	39.11	0.00
Household Distribution by Income Level	95,025	21.91	16.89	19.42	41.78	0.00
Median Family Income = \$52,243						
HUD Adjusted Median Family Income for 2011 = \$71,100						
Households Below the Poverty Level = 10%						
			Median Housing Value = \$120,946			
			Unemployment Rate = 12.2%			

Source: 2000 U.S. Census

(*) The NA category consists of geographies that have not been assigned an income classification.

(**) Atlantic County, NJ Unemployment Rate – August 2012 – Not seasonally adjusted.

Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	19.3%	4	5.1%	1.0%	12.3%	2.5%	67,639	27
Moderate	18.3%	11	15.7%	9.8%	28.0%	12.7%	107,513	29
Middle	23.3%	36	62.2%	66.1%	53.6%	64.3%	118,977	21
Upper	39.1%	11	17.0%	23.2%	6.1%	20.5%	156,382	19
Total #	63,431	63	114,090	63,040	31,984	89,005	120,946	22

Source: 2000 U.S. Census

According to the 2000 U.S. Census data, there are a total of 63 census tracts in this AA. The AA is comprised of four low-income census tracts (six percent), 11 moderate-income census tracts (17 percent), 36 middle-income census tracts (57 percent), 11 upper-income census tracts (17percent), and one census tract that has not been assigned an income classification (two percent).

According to the 2000 U.S. Census data, the total population of the AA is 252,552. The AA contains 95,025 households and 63,431 families. There are a total of 114,090 housing units with owner-occupied units at 55 percent, rental occupied units at 28 percent, and vacant housing at 17 percent. The median housing cost is \$120,946.

The median family income was \$52,243 and the 2011 HUD updated median family income was \$71,100. Approximately 19 percent of the families in the AA are categorized as low-income, 18 percent as moderate-income, 23 percent as middle-income, and 39 percent as upper-income. Approximately 10 percent of households are below the poverty level.

The current local economy for the Atlantic County AA can be described as weak due to the continued poor economy and housing market. Atlantic County’s economy is primarily driven by casinos, tourism, and healthcare. The largest employers in Atlantic County are Borgata Casino Hotel & Spa, Revel Resorts, and AtlantiCare Health System. The unemployment rate not seasonally adjusted, as of August 2012, for Atlantic County, NJ is 12.2 percent, which is up from 11.9 percent in August 2011. This is also higher than the current national unemployment rate of 7.6 percent.

Atlantic County, NJ is a highly competitive market, as OCHB faces competition from larger national and regional banks. OCHB’s primary competitors include Wells Fargo Bank, TD Bank, Bank of America, and Sun National Bank.

In conducting the assessment of OCHB’s performance, we reviewed several interviews of local economic development organizations recently conducted by the OCC. The organizations indicated there was a need for more small business lending and affordable housing for low- and moderate-income individuals and families throughout OCHB’s AAs. The organizations also consistently mentioned the need for additional

financing to small and start-up businesses as well as a greater effort to help out troubled home-owners.

Cape May County Assessment Area (AA)

The Cape May County AA is comprised of one complete county in NJ, Cape May County. The county is also located in Southeastern New Jersey and comprises the Ocean City, NJ MSA #36140. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Tables D3 and D4 summarize the demographic information for this AA:

Table D3 - Demographic Information for Cape May County AA						
Demographic Characteristics	#	% Low	% Moderate	% Middle	% Upper	% NA*
Geographies (Census Tracts)	24	0.00	25.00	50.00	25.00	0.00
Population by Geography	102,326	0.00	23.79	51.50	24.71	0.00
Owner-Occupied Housing by Geography	31,299	0.00	21.44	50.49	28.06	0.00
Businesses by Geography	12,040	0.00	19.68	54.95	25.37	0.00
Farms by Geography	316	0.00	18.04	56.01	25.95	0.00
Family Distribution by Income Level	27,469	18.91	18.76	21.69	40.64	0.00
Household Distribution by Income Level	42,140	23.66	17.68	18.80	39.86	0.00
Median Family Income	= \$53,527	Median Housing Value				= \$185,463
HUD Adjusted Median Family Income for 2011	= \$70,100	Unemployment Rate**				= 9.0%
Households Below the Poverty Level	= 8%					

Source: 2000 U.S. Census

(*) The NA category consists of geographies that have not been assigned an income classification.

(**) Cape May County, NJ Unemployment Rate – August 2012 – Not seasonally adjusted.

Table D4: Additional Demographic Information for the Cape May County AA								
Income Category	% Family Distribution	Census Tract Data Distributions						
		# Tracts	% Housing Units	% Owner Occupied Units	% Rental Occupied Units	% Single Family Units	Median Housing Value	Median Housing Age
Low	18.9%	0	0.0%	0.0%	0.0%	0.0%	0	0
Moderate	18.8%	6	19.1%	21.4%	28.0%	17.7%	83,638	31
Middle	21.7%	12	46.6%	50.5%	55.1%	45.7%	154,043	24
Upper	40.6%	6	34.3%	28.1%	16.9%	36.5%	284,889	12
Total #	27,469	24	91,047	31,299	10,849	79,900	185,463	21

Source: 2000 U.S. Census

According to the 2000 U.S. Census data, there are a total of 24 census tracts in this AA. The AA is comprised of six moderate-income census tracts (25 percent), 12 middle-income census tracts (50 percent), and six upper-income census tracts (25 percent). There are no low-income census tracts contained within the AA. The AA is not considered a distressed or underserved area.

According to the 2000 U.S. Census data, the total population of the AA is 102,326. The AA contains 42,140 households and 27,469 families. There are a total of 91,047 housing units with owner-occupied units at 34 percent, rental occupied units at 12 percent, and vacant housing at 54 percent due to the large number of vacation homes. The median housing cost is \$185,463.

The median family income was \$53,527 and the 2011 HUD updated median family income was \$70,100. Approximately 19 percent of the families in the AA are categorized as low-income, 19 percent as moderate-income, 22 percent as middle-income, and 40 percent as upper-income. Approximately 8 percent of households are below the poverty level.

The current local economy for the Cape May County AA can be described as weak due to the continued poor economy and housing market. Cape May County's economy is primarily driven by tourism and healthcare. The largest employers in Cape May County are Cape Regional Medical Center, the Cape May County government, and Wawa. The unemployment rate not seasonally adjusted, as of August 2012, for Cape May County is 9.0 percent, which is up from 8.2 percent in August 2011. Cape May County's unemployment rate is usually much lower during the summer months due to the tourist industries. During the off-season, unemployment rates increase significantly. For example, the unemployment rate for January 2012 was 17.4 percent.

Cape May County, NJ is a fairly competitive market, as OCHB faces competition from larger national and community banks. OCHB's primary competitors include Sturdy Savings Bank, Cape Bank, TD Bank, Bank of America, and Wells Fargo Bank.

Conclusions with Respect to Performance Tests

LENDING TEST

OCHB's performance under the lending test is satisfactory. OCHB's loan-to-deposit ratio is more than reasonable, and a substantial majority of the institution's home mortgage loans were made within its combined AAs. OCHB was found to have reasonable penetration among borrowers of different income levels. OCHB's geographical distribution of home mortgage loans was also reasonable, but did not receive a lot of weight because the institution's combined AAs only contain four low-income geographies and 17 moderate-income geographies versus 65 middle- and upper-income geographies.

All criteria of the lending test are documented below:

Loan-to-Deposit Ratio

OCHB’s net loan-to-deposit ratio is more than reasonable given the institution’s size, financial condition, lending-related activities, and credit needs of its AAs. The institution’s net loan-to-deposit ratio averaged 109.1 percent over the last 14 quarters since the previous CRA examination. This ratio ranged from a quarterly low of 88.6 percent to a quarterly high of 128.6 percent during the time period.

OCHB’s net loan-to-deposit ratio compares very favorably with other financial institutions of similar size, location, and product offerings. OCHB ranks first among a total of 14 similarly situated financial institutions. The average net loan-to-deposit ratios for the other 13 institutions over the same 14 quarters equaled 82 percent with individual institution averages ranging from 37 percent to 106 percent.

Lending in Assessment Area

A substantial majority of OCHB’s home mortgage loans were made within its combined AAs. The following tables detail OCHB’s lending within the AAs by number and dollar amount of loans. 98 percent of home mortgage loans (by count), and 98 percent of home mortgage loans (by dollar) were made within OCHB’s combined AAs.

Table C1 - Concentration of Home Mortgage Loans Originated In and Outside of the Combined Assessment Areas						
Loan Type	% Inside Area		% Outside Area		Total	
	#	\$(000)	#	\$(000)	#	\$(000)
Home Purchase	408	136,134	11	3,472	419	139,606
Home Refinance	414	141,901	9	1,309	423	143,210
Home Improvement	206	24,129	3	500	209	24,629

Source: HMDA loan data 1/1/2009-12/31/2011

Table C2 - Concentration of Home Mortgage Loans Originated In and Outside of the Reviewed Assessment Areas		
Assessment Area	Home Mortgage Loans	
	% of Loans	% of \$ Volume
Within Atlantic County AA	42.15	30.72
Within Cape May County AA	55.56	67.56
Outside Area	2.19	1.72
Total # / \$	1,051	\$307,445

Source: HMDA loan data 1/1/2009-12/31/2011

Lending to Borrowers of Different Incomes

The distribution of loans throughout the institution's AAs reflects a reasonable penetration among individuals of different income levels when taking into account the intense competition among larger institutions in both of OCHB's AAs.

Performance in the Atlantic County AA

Home Mortgage Loans

The borrower distribution of home mortgage loans in the Atlantic County AA is adequate when taking into account the fierce competition to originate home mortgage loans to low- and moderate-income borrowers within the AA. According to a 2010 market share report, the top two lenders (Bank of America and Wells Fargo) accounted for over 38 percent of all home mortgage loan originations to low-and moderate-income borrowers, and the top 10 lenders (all large national banks and mortgage companies) accounted for over 66 percent of originations within the AA. Therefore, it is difficult for an institution of OCHB's size to compete, and explains why their percentage of home purchase, home refinance, and home improvement loan originations to low- and moderate-income borrowers were lower than the demographic comparators.

The following, Tables B1-B3, shows the distribution of home mortgage loans among borrowers of different income levels for the period of January 1, 2009 through December 31, 2011 as compared to the percent of families in each income category and the percent of loans originated by 2010 aggregate lenders.

Table B1 - Distribution of Home Purchase Loans By Borrower Income Level in the Atlantic County AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate
Low	3.03	1.42	19.29	7.15
Moderate	12.12	6.21	18.27	23.46
Middle	12.88	8.19	23.34	25.30
Upper	71.97	83.11	39.11	44.09
Total # or \$	134	\$32,447	63,341	163

Table B2 - Distribution of Home Refinance Loans By Borrower Income Level in the Atlantic County AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate
Low	1.08	0.53	19.29	4.59
Moderate	7.53	3.33	18.27	16.78
Middle	28.49	21.16	23.34	25.30
Upper	62.90	74.70	39.11	53.33
Total # or \$	187	\$48,352	63,341	249

Table B3 - Distribution of Home Improvement Loans By Borrower Income Level in the Atlantic County AA				
Borrower	% of	% of \$	% Family	% of

Income Category	Loans	Volume	Distribution	Aggregate
Low	2.50	1.02	19.29	7.07
Moderate	17.50	12.20	18.27	19.02
Middle	23.33	21.43	23.34	26.59
Upper	56.67	65.28	39.11	47.32
Total # or \$	121	\$13,502	63,341	59

Performance in the Cape May County AA

Home Mortgage Loans

The borrower distribution of home mortgage loans in the Cape May County AA is adequate. In our analysis, we considered how affordable it was for low-income families to qualify for a home mortgage loan and we also considered the poverty rate. The average median housing value in the Cape May County AA was \$185,463 and the 2011 HUD updated median family income was \$70,100. Therefore, the maximum income which is considered low-income is \$35,050. Additionally, over eight percent of households in the AA are below the poverty level and earn even less than that. As a result, the opportunities for home mortgage lending to low-income borrowers within the AA would be limited. This is evidenced in OCHB’s performance during the evaluation period as home purchase, home refinance, and home improvement loans originated to low-income borrowers were lower than the demographic comparators.

In our analysis, we also considered the fierce competition within the AA to originate home mortgage loans to low- and moderate-income borrowers. According to a 2010 market share report, the top two lenders commanded almost 33 percent of all home mortgage loan originations to low-and moderate-income borrowers. In addition, the top 10 lenders, which comprised of large regional banks and mortgage companies, accounted for over 62 percent of all originations to low-and moderate-income borrowers. As a result, OCHB’s performance in the AA is adequate, especially when considering its percentage of home refinance and home improvement originations to moderate-income borrowers is near to the percentage of said loans originated by 2010 aggregate lenders to moderate-income borrowers.

The following, Tables B4-B6, shows the distribution of home mortgage loans among borrowers of different income levels for the period of January 1, 2009 through December 31, 2011 as compared to the percent of families in each income category and the percent of loans originated by 2010 aggregate lenders.

Table B4 - Distribution of Home Purchase Loans By Borrower Income Level in the Cape May County AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate
Low	0.36	0.11	18.91	2.11
Moderate	3.65	1.47	18.76	8.10

Middle	9.12	5.50	21.69	12.80
Upper	86.86	92.92	40.65	76.98
Total # or \$	274	\$103,687	27,469	185

Table B5 - Distribution of Home Refinance Loans By Borrower Income Level in the Cape May County AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate
Low	0.89	0.57	18.91	2.31
Moderate	7.11	2.67	18.76	9.05
Middle	16.44	21.30	21.69	15.24
Upper	75.56	75.16	40.65	73.40
Total # or \$	227	\$93,128	27,469	267

Table B6 - Distribution of Home Improvement Loans By Borrower Income Level in the Cape May County AA				
Borrower Income Category	% of Loans	% of \$ Volume	% Family Distribution	% of Aggregate
Low	1.23	0.99	18.91	7.21
Moderate	9.88	4.99	18.76	15.02
Middle	23.46	21.51	21.69	22.22
Upper	65.43	71.66	40.65	55.56
Total # or \$	84	\$10,527	27,469	62

Geographic Distribution of Loans

The distribution of home mortgage loans reflects reasonable dispersion throughout the institution’s AAs. The geographic distribution of home mortgage loans was poor throughout the Cape May County AA; however, the geographic distribution in the Atlantic County AA was good. In addition, less weight was given to the Cape May County AA in this portion of the lending test as the AA contains no low-income geographies and only six moderate-income geographies.

Performance in the Atlantic County AA

Home Mortgage Loans

The geographic distribution of home mortgage loans throughout the Atlantic County AA is good. The percentage of home refinance loans originated in moderate-income geographies exceeded the percentage of home refinance loans originated in moderate-income geographies by 2010 aggregate lenders. Meanwhile, the percentage of home purchase and home improvement loans originated in moderate-income geographies was near to the percentage of home purchase and home improvement loans originated in moderate-income geographies by 2010 aggregate lenders.

The geographic distribution of home mortgage loans throughout the four low-income geographies was not evaluated given the limited amount of owner-occupied housing

contained within the four geographies. This is evidenced in the 2010 market share data, where only 11 home mortgage loans were originated within the four low-income geographies.

The following, Tables G1-G3, shows the geographic distribution of home mortgage loans for the period of January 1, 2009 through December 31, 2011 as compared to the percent of owner occupied housing contained within each geography income level and the percent of loans originated by 2010 aggregate lenders.

Table G1 - Distribution of Home Purchase Loans By Census Tract Income Level in the Atlantic County AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate
Low	0.00	0.00	0.98	0.61
Moderate	5.97	2.94	9.67	8.24
Middle	55.97	54.14	66.10	65.45
Upper	38.06	42.93	23.26	25.70
Total # or \$	134	\$32,447	63,040	163

Table G2 - Distribution of Home Refinance Loans By Census Tract Income Level in the Atlantic County AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate
Low	0.53	0.22	0.98	0.54
Moderate	5.35	4.41	9.67	4.65
Middle	59.36	54.22	66.10	62.74
Upper	34.76	41.44	23.26	32.07
Total # or \$	187	\$48,352	63,040	249

Table G3 - Distribution of Home Improvement Loans By Census Tract Income Level in the Atlantic County AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate
Low	0.00	0.00	0.98	0.23
Moderate	3.31	1.17	9.67	3.51
Middle	56.20	60.21	66.10	65.81
Upper	40.50	38.62	23.26	30.44
Total # or \$	121	\$13,502	63,040	59

Performance in the Cape May County AA

Home Mortgage Loans

The geographic distribution of home mortgage loans throughout the Cape May County AA is poor. OCHB made no home improvement loans in moderate-income geographies during the evaluation period, and the percentage of home purchase and home refinance loans originated in moderate-income geographies by OCHB was lower than the percentage of home purchase and home refinance loans originated in moderate-income geographies by 2010 aggregate lenders. However, limited weight was given to this portion of the lending test as the AA contains no low-income geographies and only six moderate-income geographies. In addition, the location of OCHB's only two branches within this AA makes it difficult for the institution to compete within the six moderate-income geographies.

The following, Tables G4-G6, shows the geographic distribution of home mortgage loans for the period of January 1, 2009 through December 31, 2011 as compared to the percent of owner occupied housing contained within each geography income level and the percent of loans originated by 2010 aggregate lenders.

Table G4 - Distribution of Home Purchase Loans By Census Tract Income Level in the Cape May County AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate
Low	N/A	N/A	N/A	N/A
Moderate	1.82	0.83	21.44	17.63
Middle	50.73	46.24	50.49	48.78
Upper	47.45	52.93	28.06	33.58
Total # or \$	274	\$103,687	31,299	185

Table G5 - Distribution of Home Refinance Loans By Census Tract Income Level in the Cape May County AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate
Low	N/A	N/A	N/A	N/A
Moderate	1.32	0.92	21.44	11.68
Middle	39.21	30.72	50.49	45.37
Upper	59.47	68.36	28.06	42.95
Total # or \$	227	\$93,128	31,299	267

Table G6 - Distribution of Home Improvement Loans By Census Tract Income Level in the Cape May County AA				
Census Tract Income Category	% of Loans	% of \$ Volume	% Owner Occupied	% of Aggregate
Low	N/A	N/A	N/A	N/A
Moderate	0.00	0.00	21.44	17.78
Middle	41.67	41.87	50.49	46.36
Upper	58.33	58.13	28.06	35.86
Total # or \$	84	\$10,527	31,299	62

Responses to Complaints

OCHB did not receive any CRA complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development (CD) Test is rated Satisfactory. During the evaluation period, OCHB provided over \$2 million in CD loans to help meet the CD needs of its AAs. OCHB also donated \$82 thousand to CD organizations during the evaluation period and had \$621 thousand in qualified CRA investments remaining on their balance sheet from prior evaluation periods. In addition, OCHB personnel provided leadership and/or financial expertise to five community development organizations serving the AAs. Therefore, OCHB's level of CD activities is considered adequate given its size and capacity, when considering the CD needs and opportunities of its AAs.

Performance in the Atlantic County AA

OCHB has demonstrated adequate responsiveness to the CD needs of the Atlantic County AA, considering its performance context and the needs and opportunities within the AA.

Performance in the Cape May County AA

OCHB has demonstrated adequate responsiveness to the CD needs of the Cape May County AA, considering the limited opportunities available in this AA as its economy is primarily tourism-driven and the AA has only six moderate-income geographies and no low-income geographies.

Number and Amount of Community Development Loans

Performance in the Atlantic County AA

OCHB originated nine CD loans in the Atlantic County AA since the last CRA examination totaling \$2,187,500. Of the nine CD loans originated, five promoted economic development by supporting or creating permanent job creation and improvements in low- or middle-income geographies and four provided financing to organizations that provide community services that are targeted to low- and moderate-income individuals.

A few examples of CD loans originated are listed below.

- \$585,000 mortgage loan to a local check cashing business located in a moderate-income geography. The business provides check cashing services

targeted towards low- and moderate-income individuals.

- \$500,000 mortgage loan to a local career development organization located in a moderate-income geography. The organization provides vocational rehabilitation services targeted toward low- and moderate-income individuals with disabilities.
- \$262,500 mortgage loan to purchase a four unit mixed-use property located in a moderate-income geography which is also designated a redevelopment district. The mixed-use property contains two rental units which will be leased to low- and moderate-income individuals and two business units which will help promote economic development and job creation in a moderate-income geography.

Performance in the Cape May County AA

OCHB originated no CD loans in the Cape May County AA during the evaluation period. As mentioned above, there are limited opportunities to originate CD loans or invest in CRA-qualified investments given the demographics and economy of this AA.

Number and Amount of Qualified Investments

Performance in the Atlantic County AA

OCHB made no qualified CD investments in the Atlantic County AA since the last examination. However, the institution did make \$62 thousand worth of qualifying grants and donations to 13 different organizations within the AA. The 13 organizations either directly benefit low- and moderate-income individuals or provide economic development to low- and moderate-income geographies.

In addition, OCHB continues to have seven outstanding investments, with a combined current balance of \$621,136 in previously purchased mortgage backed securities. The mortgage backed securities are secured by mortgages to low- and moderate-income borrowers in both the Atlantic County AA and the Cape May County AA.

Performance in the Cape May County AA

OCHB made no qualified CD investments in the Cape May County AA since the last examination. However, the institution did make \$20 thousand worth of qualifying grants and donations to six different organizations within the AA. The six organizations either directly benefit low- and moderate-income individuals or provide economic development to low- and moderate-income geographies.

Extent to Which the Institution Provides Community Development Services

Performance in the Atlantic County AA

Although OCHB does not have any branches directly in a low- or moderate-income geography, it does maintain several branches very close. In fact, all low-income geographies and 10 of the 11 moderate-income geographies are within four miles of an OCHB branch. The remaining moderate-income geography is within seven miles of an OCHB branch. Therefore, the presence of full-service branches relatively close to all of the low- and moderate-income geographies is an indication that the institution is helping to provide retail and community development services to the lower-income areas of the Atlantic County AA.

This is also evidenced by OCHB's deposit and loan products, which include low-cost checking accounts with free online and mobile banking, business sweep accounts, and individual retirement accounts (IRAs). OCHB also offers a Low/Moderate Income Loan Program which provides below-market fixed rate home mortgage loans with discounted application fees to low- and moderate-income individuals. Loans originated under this program have more relaxed underwriting standards than traditional home mortgage loans. Overall, OCHB's deposit and loan services generally help to increase access to financial services for low- and moderate-income individuals.

During the evaluation period, four OCHB employees provided financial expertise and/or leadership services to four different qualifying CD organizations serving the Atlantic County AA. These included the Friends of Jean Webster Homeless Shelter, the Habitat for Humanity of Atlantic County, the Atlantic County Community Development Corporation, and the Atlantic County Salvation Army.

Performance in the Cape May County AA

Of the two OCHB branches located within the Cape May County AA, none are located in any of the six moderate-income geographies. This is due to the fact that the two OCHB branches are located in the extreme northern portion of the county; whereas five of the six moderate-income geographies are located within the extreme southern portion of the county. However, as noted above, OCHB provides products and services that generally increase access to financial services for low- and moderate-income individuals, including low-cost deposit accounts, free online and mobile banking, and the Low/Moderate Income Loan Program. The provision of these services received favorable consideration during this examination, especially since 38 percent of the families in this AA are considered low-and moderate-income families.

During the evaluation period, one OCHB employees provided leadership service and financial expertise to the Consumer Credit and Budget Counseling Service by serving as Chairman of the Board. This organization provides financial counseling services targeted to low- and moderate-income individuals.

Responsiveness to Community Development Needs

Performance in the Atlantic County AA

OCHB's CD activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in the Atlantic County AA. Identified needs include loans to low- and moderate-income borrowers, access to financing for small businesses, as well as financing for revitalizing and stabilizing low- and moderate-income geographies.

OCHB met these needs by originating nine CD loans totaling \$2.19 million that benefited low- and moderate-income individuals and/or helped revitalize and stabilize low- and moderate-income geographies within the Atlantic County AA. OCHB also made \$62 thousand worth of qualifying grants and donations to organizations that provide services to LMI individuals. In addition, OCHB provides CD services such as their Low/Moderate Income Loan Program which provides discounted home mortgages to low- and moderate-income individuals, as well as employees serving on four different Boards whose organizations benefit low- and moderate-income individuals and/or promote economic development.

Performance in the Cape May County AA

OCHB's CD activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in the Cape May County AA. Identified needs primarily include loans to low- and moderate-income borrowers and access to financing for small businesses. OCHB met these needs by donating \$20 thousand worth of qualifying grants and donations to organizations that provide services to low- and moderate-income individuals and small businesses, and by maintaining \$546 thousand worth of CD investments that helped provide mortgages to low- and moderate-income families. As mentioned above, OCHB also provides CD services such as their Low/Moderate Income Loan Program which provides discounted home mortgages to low- and moderate-income individuals, as well as one employee who serves as Chairman of the Board for an organization that provides financial guidance to low- and moderate-income individuals.

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.