



## PUBLIC DISCLOSURE

August 08, 2016

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Newfield National Bank  
Charter Number 14240

18-24 West Boulevard  
Newfield, NJ 08344

Office of the Comptroller of the Currency

Philadelphia Field Office  
1150 Northbrook Drive, Suite 303  
Trevose, 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:

- Newfield National Bank's (NNB) distribution of loans represents reasonable penetration among individuals of different income levels.
- NNB's geographical distribution of loans reflects a reasonable dispersion of loans throughout its combined assessment areas.
- A majority of NNB's loan products were originated within the bank's combined assessment areas.
- NNB's overall loan-to-deposit ratio is reasonable.
- NNB's responsiveness to community development needs and opportunities in its combined assessment areas is adequate.

### **Scope of Examination**

The Office of the Comptroller of the Currency (OCC) evaluated NNB under the Intermediate Small Bank Community Reinvestment Act (CRA) examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and community development services.

The lending test for NNB covers its performance from January 1, 2014 through December 31, 2015. The evaluation period for the CD test is from May 6, 2013 through August 8, 2016.

NNB's primary loan products are home mortgage and small business loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The reported HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate the bank's home mortgage performance. In addition, the bank collects, but does not report, CRA small business and consumer loan data. Bank management chose not to use this data in this evaluation.

## **Selection of Areas for Full-Scope Review**

Based on our review of HMDA, branch dispersion, deposit market share, and demographic information, we identified the following assessment areas (AAs) for full scope review: Gloucester County, NJ MSA AA (MSA #47980) – Philadelphia/Camden/Wilmington, PA-NJ-DE-MD and Cumberland County, NJ MSA AA (MSA #47220) – Vineland/Millville/Bridgeton, NJ.

In September 2015, the bank closed its only branch located in Cape May County MSA AA (MSA # 36140). Closure of this facility was primarily due to high competition from regional banks and low market share. The bank no longer considers Cape May County to be part of its assessment area. This branch was not located in a low to moderate income census tract. In addition, the bank opened a loan production office in Mullica Hill, NJ in July 2015.

The AAs are consistent with the requirements of the regulation, and do not arbitrarily exclude low- or moderate-income geographies.

## **Description of Institution**

NNB is a full-service intrastate bank headquartered in Newfield, New Jersey. As of December 31, 2015, NNB had total assets of \$634 million and tier one capital of \$54 million. NNB is wholly owned by Newfield Bancorp, Inc., a one-bank holding company established in July 1990. NNB has one subsidiary, FNBN Investment Corporation (FNBN), which was established in 1988 and is based in Delaware. FNBN holds most of NNB's investment securities, including any qualified CRA investments.

The bank offers a full range of deposit and loan products and services. Residential mortgage and small business loans are NNB's primary loan products. Within the residential mortgage portfolio, the bank originates long-term mortgage loans for sale on the secondary market. Deposit products and services include several types of personal and business accounts as well as checking accounts that offer free internet banking and bill-pay.

The bank operates a network of 11 branches and nine ATMs. All 11 branches are equipped with drive-thru facilities and are open from 8:00 am until at least 6:00 pm each weekday, and on Thursdays and Fridays until at least 7:00 pm. Saturday hours vary at each location; however, all branch offices are open from at least 8:00 am to 12:00 pm. As mentioned above, NNB closed one branch during the evaluation period.

As of December 31, 2015, NNB reported net loans of \$313 million and had a net loans and leases to total assets ratio of 49.75 percent. The total loan portfolio is comprised of 69.78 percent real estate loans, 11.50 percent commercial and industrial loans, 5.89 percent individual loans, and less than 12.83 percent other type loans.

<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Loans Secured by Mortgages on 1 to 4 Family Homes	\$92,024	29.44%	14.65%
Commercial Real Estate Mortgages	\$126,082	40.34%	20.07%
HELOCS	\$18,427	5.89%	2.93%
Construction Loans	\$15,222	4.90%	2.42%
Commercial & Industrial Loans	\$35,934	11.50%	5.72%
Multi-Family Housing	\$14,045	4.48%	2.24%
Other	\$10,810	3.45%	1.72%
<b>Total</b>	<b>\$312,544</b>	<b>100%</b>	<b>49.75%</b>

Source: December 31, 2015 Call Report

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated "Satisfactory" at the last CRA examination using Intermediate Small Bank CRA procedures dated May 6, 2013.

## Description of Assessment Area

### Gloucester County- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA #47980

The Gloucester County AA is comprised of portions of central and southern Gloucester County, NJ. The county is located in southern New Jersey and is part of the Camden, NJ Metropolitan Division #15804 which is part of the even larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA #47980. NNB operates seven full service branch offices and one loan production office located within this AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Table 2 below presents a summary of demographic information for this AA:

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	50	0.00	14.00	64.00	22.00	0.00
Population by Geography	219,910	0.00	12.98	64.87	22.15	0.00
Owner-Occupied Housing by Geography	63,441	0.00	10.42	67.57	22.00	0.00
Business by Geography	11,988	0.00	12.66	62.04	25.30	0.00
Farms by Geography	440	0.00	5.23	66.59	28.18	0.00
Family Distribution by Income Level	56,703	18.11	18.02	23.96	39.91	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,486	0.00	16.35	71.07	12.58	0.00
Median Family Income	83,092	Median Housing Value	239,469			
HUD Adjusted Median Family Income for 2015	81,100	Unemployment Rate (2015	5.00%			
Households Below Poverty Level	8%	U.S. Depart of Labor)				

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

Source: 2010 U.S. Census and 2015 U.S. Department of Labor and Industry statistics.

According to the 2010 U.S. Census Data, there are a total of 50 census tracts in this AA. There are no low-income tracts, seven moderate-income tracts, 32 middle-income tracts, and 11 upper-income tracts.

The 2010 U.S. Census Data reported the total population of the AA at 219,910. This population was comprised of 128,781 households and 56,703 families. There are 82,197 housing units, of which 85.71 percent are one to four family units. Owner-occupied housing is 77.18 percent, rental-occupied housing is 17.66 percent, and vacant housing is 5.16 percent. The median housing cost is \$239,469.

The median family income was \$83,092 and the 2015 HUD adjusted median family income is \$81,100. Approximately eight percent of the households are below poverty level. Approximately 18.11 percent of the families in the AA are low-income, 18.02 percent are moderate-income, 23.96 percent are middle-income, and 39.91 percent are upper-income.

The primary industries in the area are healthcare, education and food-packing services. Major employers in Gloucester County include the Inspira Health Network, Rowan University, and Kennedy Memorial Hospital.

Based upon 2014 U.S. Peer Mortgage Data there were 324 lenders that granted 9,083 mortgages in 2014. Wells Fargo Bank, NA ranks first with a 12.11 percent market share of loans, TD Bank, NA is second with a 4.75 percent market share, Quicken Loans is third at 4.26 percent market share, JP Morgan Chase, NA is fourth with a 3.60 percent market share, and Green Tree Mortgage ranks fifth with a 3.41 percent market share. NNB is ranked twenty-second with a 1.70 percent market share.

Gloucester County, NJ is a highly competitive market for deposits, as NNB faces competition from larger national and regional banks. NNB's primary competitors include TD Bank, NA, Fulton Bank of New Jersey, Wells Fargo Bank, NA and Parke Bank. Based upon the most recent FDIC Summary of Deposits Report dated June 30, 2015, TD Bank ranks first with a 26.65 percent deposit market share, Fulton Bank of New Jersey is second with 15.26 percent market share, Wells Fargo is third with an 8.38 percent market share, and Parke Bank is fourth with a 7.01 market share. NNB ranks fifth with a 6.05 percent market share ahead of sixth ranked Investors Bank with 5.97 percent market share.

During this examination, we performed a community contact with a local government agency. This agency serves as a single resource and point of contact for companies, site selectors, brokers, corporate real estate executives, and entrepreneurs, whether just starting up, expanding, or relocating. During our interview, the contact indicated that current economic situation is very depressed and stated the area has the highest unemployment rate in the state. Further, she indicated that Progresso Food announced that it would be closing its Vineland plant next year. She indicated that food processing and cold storage enterprises are remaining and employ the largest portion of the

population. When asked about banks meeting the needs of the area, the contact indicated they had very good relationships with local community banks. The contact specifically detailed that in her opinion, “Newfield National Bank has done an excellent job.”

**Cumberland County, NJ AA MSA #47220 – Vineland/Millville/Bridgeton, NJ.**

The Cumberland County AA is comprised of all of Cumberland County. The county is located in Southern New Jersey and is part of the Vineland-Millville-Bridgeton, NJ MSA #47220. NNB operates four full service branches within the AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

Table 3 below presents a summary of demographic information for this AA:

Table 3: Demographic Information for Full Scope Area: Cumberland County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	11.76	14.71	47.06	17.65	8.82
Population by Geography	156,898	8.08	18.20	52.13	17.98	3.61
Owner-Occupied Housing by Geography	34,261	2.18	11.72	61.87	24.23	0
Business by Geography	6,969	9.44	13.86	57.97	18.73	0
Farms by Geography	307	0.65	6.51	63.19	29.64	0
Family Distribution by Income Level	35,210	23.94	15.80	19.90	40.36	0
Distribution of Low and Moderate Income Families throughout AA Geographies	13,994	8.35	24.36	55.16	12.12	0
Median Family Income		60,642	Median Housing Value	170,134		
HUD Adjusted Median Family Income for 2015		60,400	Unemployment Rate (2015	8.2%		
Households Below Poverty Level		14%	U.S. Depart of Labor)			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census and 2015 U.S. Department of Labor and Industry statistics.

According to the 2010 U.S. Census Data, there are a total of 34 census tracts in this AA. There are four low-income tracts, five moderate-income tracts, 16 middle-income tracts, six upper-income tracts, and three that have not been assigned an income classification.

The 2010 U.S. Census Data reported the total population of the AA at 156,898. This population was comprised of 50,825 households, and 35,210 families. There are 55,406 housing units, of which, 82.94 percent are one to four family units. Owner-occupied housing is 61.84 percent, rental-occupied housing is 29.90 percent, and vacant housing is 8.27 percent. The median housing cost is \$170,134.

The median family income for 2015 was \$60,642, and the 2015 HUD adjusted MSA median family income is \$60,400. Approximately 23.94 percent of the families in the AA are low-income, 15.80 percent are moderate-income, 19.90 percent are middle-income, and 40.36 percent are upper-income.

The major industries in Cumberland County are healthcare, construction, hospitality/tourism, and manufacturing. Major employers in the county include the Inspira Health Network, Durand Glass Manufacturing/ARC International, and Walmart. The unemployment rate not seasonally adjusted, as of June 2015, for Cumberland County, NJ is 8.2 percent.

Cumberland County, NJ is a highly competitive market with 214 lenders originating mortgages within this market. Based upon 2014 U.S. peer mortgage data, NNB is ranked 13<sup>th</sup> with 1.83 percent share of the market and faces competition from larger regional institutions as well as several mortgage/finance companies. Wells Fargo Bank, NA ranks first with a 9.93 percent market share of loans, Gateway Funding DMS LP ranks second with an 8.88 percent market share, TD Bank, NA ranks third with a 4.60 percent market share, and Quicken Loans ranks fourth with a 4.54 percent market share.

Based on the June 30, 2015 FDIC Summary of Deposits, Newfield National Bank ranks 7<sup>th</sup> out of 12 institutions in the Vineland-Millville-Bridgeton, NJ MSA #47220 with a 8.47 percent market share and four offices. According to the June 30, 2015 deposit data, major competitors include Cape Bank with 18.35 percent market share and five offices; Susquehanna Bank with 15.30 percent market share and five offices; TD Bank, NA with 13.69 percent market share and five offices; and Century Bank with 9.21 percent market share and three offices.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

#### **Conclusions**

The bank's performance under the lending test is rated Satisfactory. NNB's loan-to-deposit ratio is reasonable, and a substantial majority of the institution's home mortgage loans were made within its combined AAs. NNB was found to have reasonable penetration of home mortgage loans among borrowers of different income levels. Geographical distribution of home mortgage loans within the Gloucester County and Cumberland County AA's is reasonable.

## Loan-to-Deposit Ratio

NNB’s net loan-to-deposit ratio is reasonable. The bank’s net loan-to-deposit ratio averaged 58.89 percent since the previous CRA examination. This ratio ranged from a quarterly low of 54.52 percent to a quarterly high of 66.09 percent during the period.

NNB sold over \$44 million of their originated home loans to the secondary market over the last ten years. If NNB had retained the loans, their loan to deposit ratio would compare more favorably with other financial institutions of similar size.

The bank’s net loan-to-deposit ratio compares reasonably with other financial institutions of similar size, location, and product offerings. The average net loan-to-deposit ratios for the other four banks in a custom peer group in the state of New Jersey over the same period was 78.10 percent and ranged from 74.84 percent to 81.27 percent.

## Lending in Assessment Area

A majority of NNB’s loan products were originated within the bank's AAs. The following table details the bank’s lending within the AAs by number of loans. Over seventy percent of loans (by number of loans) originated by NNB were originated within the bank’s AAs.

<b>Table 4 - Lending in NNB’s Combined AAs</b>					
Loan Type	Number of Loans				Total
	Inside		Outside		
	#	%	#	%	
Home Purchase	59	60.30	39	39.80	95
Home Refinance	124	72.94	46	27.06	170
Home Improvement	175	81.40	40	18.60	215
Totals	358	71.56	125	28.49	483

*Source: HMDA data and CRA small business and consumer loan data 1/1/2014-12/31/2015*

## Lending to Borrowers of Different Incomes

### Conclusions for Areas Receiving Full-Scope Reviews

NNB’s distribution of loans represents reasonable penetration among individuals of different income levels. The borrower distribution of NNB’s home mortgage loans reflects more than reasonable penetration in Gloucester County and reasonable penetration in Cumberland County among borrowers of different income levels in the AA.

We considered demographic factors including the high cost of housing compared to the median family income of a low-income person and the high percentage of individuals below the poverty level in our home mortgage analysis.

**Gloucester County- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA #47980**

The distribution of loans for the Gloucester County AA reflects more than reasonable penetration among individuals of different income levels.

*Home Loans*

Overall, the distribution of home loans to borrowers reflects more than reasonable penetration among borrowers of different income levels.

The bank's percentage of home purchase loans made to low-income borrowers at 13.79 percent is less than the percent of low-income families in the Gloucester County AA at 20.34 percent. Considering that a low-income family earns less than \$40,550, while the median housing value is \$239,469, this performance is considered reasonable.

The bank's percentage of home purchase loans made to moderate-income borrowers at 17.24 percent exceeds the percentage of moderate-income families in the Gloucester County AA at 17.17 percent. Considering the 2015 HUD adjusted median family income is \$81,100 in this AA and that a moderate-income family earns less than \$64,880 while the median housing value for this same period is \$239,469, this performance is considered reasonable.

The bank's percentage of home improvement loans made to low-income borrowers at 15.38 percent is less than the percent of low-income families in the Gloucester County AA at 20.34 percent. The bank's percentage of home improvement loans made to low-income borrowers reflects reasonable penetration especially considering prevailing economic conditions in this AA detailed above.

The bank's percentage of home improvement loans made to moderate-income borrowers at 23.08 percent exceeds the percentage of moderate-income families in the Gloucester County AA at 17.17 percent. The bank's percentage of home improvement loans to moderate-income borrowers reflects excellent penetration considering economic conditions in the AA.

The bank's percentage of home refinance loans made to low-income borrowers at 10.00 percent is lower than the percent of low-income families in the Gloucester County AA at 20.34. The bank's percentage of home refinance loans made to low-income borrowers reflects reasonable penetration when considering current demographic information and NNB's overall market share of 1.09 percent for home refinance loans in this geography.

The bank’s percentage of home refinance loans made to moderate-income borrowers at 17.17 percent is equal to the percentage of moderate-income families in the Gloucester County AA at 17.17 percent. The bank’s percentage of home refinance loans made to moderate-income borrowers reflects reasonable penetration considering prevailing economic conditions in this AA detailed above.

The following table shows the distribution of NNB home loan products among borrowers of different income levels for the period of January 1, 2013 through December 31, 2014 as compared to the percent of families in each income category.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Families	% of Bank Loans	% of Families	% of Bank Loans	% of Families	% of Bank Loans	% of Families	% of Bank Loans
Home Purchase	20.34	13.79	17.17	17.24	22.40	10.34	40.08	58.62
Home Improvement	20.34	15.38	17.17	23.08	22.40	21.98	40.08	39.56
Home Refinance	20.34	10.00	17.17	17.17	22.40	24.29	40.08	48.57

Source: HMDA data for 1/1/2014-12/31/2015 and HUD-updated 2010 U.S. Census data

**Cumberland County, NJ AA MSA #47220 – Vineland/Millville/Bridgeton, NJ**

The distribution of loans for the Cumberland County AA reflects reasonable penetration among individuals of different income levels.

*Home Loans*

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The bank made no home purchase loans to low-income borrowers in the Cumberland AA. The percent of low-income families in the Cumberland County AA is 23.94 percent. However, considering the median home price in 2015 in this AA was \$170,134 and a low-income family earns less than \$30,200, a low-income borrower would have difficulty saving a down payment for a home mortgage loan. In addition, competition is also strong. NNB has 8.47 percent of the market share of deposits for this AA.

The bank’s percentage of home purchase loans made to moderate-income borrowers at 9.09 percent is lower than the percentage of moderate-income families in the Cumberland County AA at 15.80 percent. Considering economic conditions, demographics and competition in this AA, this performance reflects reasonable penetration.

The bank’s percentage of home improvement loans made to low-income borrowers at 11.63 percent is significantly lower than the percent of low-income families in the Cumberland County AA at 23.94 percent. However, taking into consideration AA economic factors, such as the higher than average poverty level, and NNB’s overall market share of 2.38 percent for home improvement loans, it makes lending in this geography difficult. Competition in this AA is high. The bank’s performance reflects reasonable penetration when considering the aforementioned items.

The bank’s percentage of home improvement loans made to moderate-income borrowers at 18.60 percent exceeds the percentage of moderate-income families in the Cumberland County AA at 15.80 percent. This performance is considered good.

The bank’s percentage of home refinance loans made to low-income borrowers at 8.00 percent is less than the percentage of loans made to low-income families in the Cumberland County AA at 23.94 percent. Considering NNB has just 1.65 percent of the overall market share for this product in these geographies, along with current economic conditions, demographics and competition, this performance is considered reasonable and reflects reasonable penetration.

The bank’s percentage of home refinance loans made to moderate- income borrowers at 4.00 percent is less than the percentage of moderate-income families in the Cumberland County AA at 15.58 percent. Considering NNB has just 1.65 percent of the overall market share for this product in these geographies, along with current economic conditions, demographics and competition, this performance is considered reasonable and reflects reasonable penetration.

The following table shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2014 through December 31, 2015 as compared to the percent of families in each income category.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Families	% of Bank Loans	% of Families	% of Bank Loans	% of Families	% of Bank Loans	% of Families	% of Bank Loans
Home Purchase	23.94	0	15.80	9.09	19.90	9.09	40.36	81.82
Home Improvement	23.94	11.63	15.80	18.60	19.90	27.91	40.63	41.86
Home Refinance	23.94	8.00	15.80	4.00	19.90	16.00	40.36	72.00

Source: HMDA data for 1/1/2014-12/31/2015 and HUD-updated 2010 U.S. Census data

## Geographic Distribution of Loans

### Conclusions for Areas Receiving Full-Scope Reviews

NNB’s geographical distribution of loans reflects a reasonable dispersion of loans throughout its combined assessment areas.

#### **Gloucester County- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD AA MSA #47980**

The geographic distribution of loans is reasonable throughout the Gloucester County AA; however, this portion of the test was not given as much weight as the AA contains no low-income census tracts and only three moderate-income census tracts.

#### *Home Loans*

The geographic distribution of home loans in NNB’s AA is reasonable throughout the moderate-income census tracts. Since there are no low-income census tracts, an analysis of these geographies would not be meaningful and was therefore not completed.

The percentage of lending for home purchase loans in the moderate-income geographies exceeds the percent of owner-occupied housing in these geographies. This percentage of lending for home purchase loans in the moderate-income geographies reflects an excellent dispersion.

The percentage of lending for home improvement loans in the moderate-income geographies is less than the percent of owner-occupied housing in these geographies. However, considering only 4.81 percent of the housing units in this geography are owner occupied, this performance is considered reasonable.

The following is a table that details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Owner Occupied Units	% of Bank Loans						
Home Purchase	0	0	10.42	13.04	67.57	73.91	22.00	13.04
Home Improvement	0	0	10.42	2.00	67.57	92.00	22.00	6.00
Home Refinance	0	0	10.42	9.62	67.57	76.92	22.00	13.46

Source: HMDA data for 1/1/2014-12/31/2015 and 2010 U.S. Census data

**Cumberland County, NJ AA MSA #47220 – Vineland/Millville/Bridgeton, NJ**

The geographic distribution of loans is reasonable throughout the Cumberland County AA.

*Home Loans*

The bank's percentage of home purchase loans made in low-income geographies at 5.00 percent significantly exceeds the percentage of owner-occupied units in this AA at 2.18 percent. This performance is considered excellent when considering the strong competition and limited number of branch offices in those geographies.

The bank's percentage of home purchase loans made in moderate-income geographies at 5.00 percent is lower than the percentage of owner occupied units in the Cumberland County AA at 11.72 percent. The percentage of home purchase loans made to moderate-income geographies reflects a reasonable dispersion throughout the moderate-income geography when considering that competition to lend within the five moderate-income census tracts in the AA is strong. There were 214 lenders competing for this pool of loans. NNB originated more home purchase loans (5.00 percent) than its share of the market (0.77 percent) within the moderate-income geographies in this AA. In addition, the top five lenders within the moderate-income census tracts were made up of larger national and regional institutions who dominated over 30 percent of the market share for home mortgage loans. This makes it difficult for an institution of NNB's size to compete.

The bank's percentage of home improvement loans originated in low-income geographies at 6.52 percent exceeds the percentage of owner occupied housing units within this AA at 2.18 percent. The bank's percentage of home improvement loans to moderate-income geographies at 13.04 percent exceeds the percentage of moderate-income families in the Cumberland County AA at 11.72 percent. The percentage of home improvement loans to moderate-income geographies is reasonable throughout these geographies given the strong competition within the AA.

The bank made no home refinance loans to low -income borrowers. There are only 746 owner-occupied units in the county and 214 lenders competing for these loans. Considering, NNB has just 2.07 percent of the overall market share for this product in these geographies, along with current economic conditions, demographics and competition, this performance is considered reasonable and reflects reasonable penetration.

The bank's percentage of home refinance loans made to moderate-income borrowers at 22.73 percent significantly exceeds the percentage of moderate-income families in the Cumberland County AA at 11.72 percent. Considering economic conditions, demographics and competition in this AA, this performance reflects excellent penetration.

The following is a table that details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Owner Occupied Units	% of Bank Loans	% of Owner Occupied Units	% of Bank Loans	% of Owner Occupied Units	% of Bank Loans	% of AA Owner Occupied Units	% of Bank Loans
Home Purchase	2.18	5.00	11.72	5.00	61.87	60.00	24.23	30.00
Home Improvement	2.18	6.52	11.72	13.04	61.87	60.87	24.23	19.57
Home Refinance	2.18	0.00	11.72	22.73	61.87	45.45	24.23	31.82

Source: HMDA data for 1/1/2014-12/31/2015 and 2010 U.S. Census data

## Responses to Complaints

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

## COMMUNITY DEVELOPMENT TEST

The community development test is rated Satisfactory. NNB’s community development activities demonstrate adequate responsiveness to the community development needs in each of the bank’s AAs, when considering the bank’s capacity, its performance context, and the availability of community development opportunities in the bank’s AAs.

### Number and Amount of Community Development Loans

#### **Gloucester County- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD AA MSA #47980**

The bank’s performance in community development lending in the Gloucester County AA was excellent. NNB made a high level of community development loans throughout the evaluation period in this AA.

During this evaluation period, NNB originated six community development loans to five different organizations benefitting low- and moderate-income individuals within the Gloucester County AA. The amount originated totaled \$1.5 million.

A summary of the CD loans follows:

- \$100,000.00 working capital loan for an existing business located in a moderate-income census tract which will help revitalize and stabilize the area by providing needed jobs and services.

- \$1.0 million loan to an existing business located in a moderate-income census tract which will help revitalize and stabilize the area by providing needed jobs and services.
- \$75 thousand term loan used to purchase equipment and improvement to a store located in a moderate-income census tract which will help revitalize and stabilize the area by providing needed jobs and services.
- \$10,000 and \$100 thousand working capital loan for an existing business located in a moderate- income census tract which will help revitalize and stabilize the area by providing needed jobs and services.
- \$300 thousand working capital loan for an existing business located in a moderate-income census tract which will help revitalize and stabilize the area by providing needed jobs and services.

### **Cumberland County, NJ AA MSA #47220 – Vineland/Millville/Bridgeton, NJ**

The bank's performance in community development lending in the Cumberland County AA was excellent. NNB made a high level of community development loans in this AA.

During this evaluation period, NNB originated 16 community development loans to 15 different organizations benefitting low- and moderate-income individuals within the Cumberland County AA. The amount originated totaled approximately \$814 thousand.

Of the 16 community development loans originated, 11 promoted economic development by supporting or creating permanent jobs and improvements in low- or moderate-income geographies, four loans provided financing to organizations that provide community services that are targeted to low- and moderate-income individuals, and one loan financed the construction and renovation of a business located in low- and moderate-income area.

Examples of CD loans originated are listed below.

- \$25,000 loan to finance the improvements to a building located in a moderate-income census tract. The loan has promoted economic development and will help revitalize and stabilize the area by providing needed jobs.
- \$7,500 working capital loan for a small business located in a moderate-income geography. The business provides services and products that are targeted to low- and moderate-income individuals and families.
- \$25,000 working capital loan to a business providing employment opportunities that is located in moderate-income geography.
- \$240,000 loan to a business that is located in a moderate-income geography.

Funds were used to purchase and rehabilitate a property for a convenience store located in a moderate-income geography. The loan has promoted economic development and will help revitalize and stabilize the area by providing needed jobs.

## **Number and Amount of Qualified Contributions and Investments**

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

The bank's performance under the investment test is rated Satisfactory. Based on full-scope reviews, the bank's performance in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD AA MSA #47980, and the Vineland-Millville-Bridgeton, NJ AA MSA #47220, is adequate.

#### **Gloucester County- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD AA MSA #47980**

NNB has a reasonable level of qualified investments and grants and exhibits adequate responsiveness to meeting the identified needs of the AA. During the evaluation period, NNB made six qualifying grants and donations totaling approximately \$8,570 in the Gloucester County AA. These grants and donations were made to benefit low- and moderate-income individuals and families as well as small businesses within the assessment area.

NNB made two qualified CD investments in the Gloucester County AA since the last evaluation. The two investments were for \$205 thousand and \$340 thousand. The investments were to fund the purchase of various properties in connection with a redevelopment project in a moderate- income geography. In addition, NNB continues to have \$895 thousand in three previously purchased investments that benefit low- to-moderate income borrowers.

The following donations were made between May 7, 2013 and August 8, 2016, and found to be acceptable for community development purposes. NNB's total donations were \$8,670 for the evaluation period. The following are some examples of NNB's donations in the Gloucester County AA:

- **\$1,800** –To a non-profit association located in a LMI census tract and provides youth community services, including financial responsibility, to members of the LMI community.
- **\$1,870** –To a non-profit that is located in a LMI census tract and provides technical assistance on financial matters to small businesses and community development organizations.
- **\$1,700** –To a non-profit organization that is engaged in affordable housing rehabilitation and construction for LMI families.

- **\$200** –To a non-profit organization that provides a mobile food pantry on wheels which promotes community development by providing community services for the underserved and LMI individuals in the form of free food.
- **\$100-** To a local food pantry which provided groceries to the underserved and LMI families.

**Cumberland County, NJ AA MSA #47220 – Vineland/Millville/Bridgeton, NJ**

NNB has a low level of qualified investments and grants and exhibits reasonable responsiveness to meeting the identified needs of the AA.

During the evaluation period, NNB made qualifying grants and donations totaling over \$35 thousand in the Cumberland County AA.

NNB made no qualified CD investments in the Cumberland County AA since the last evaluation. This is primarily due to the AA being a depressed area and due to the competition from the large money-center banks. NNB continues to have one outstanding investment with a current balance of \$120 thousand that was previously purchased from the Cumberland Improvement Authority. These funds were used to finance a generating station located in a moderate-income area. Investment opportunities are limited in the Cumberland County AA.

The following donations were made between May 7, 2013 and August 8, 2016, and found to be acceptable for community development purposes. NNB's total donations were \$35,505 for the evaluation period. The following are some examples of NNB's donations in the Cumberland County AA:

- **\$975** –To an organization located in an urban enterprise zone and provides youth community services to LMI individuals.
- **\$4,755** – To a non-profit organization located in an LMI tract and serves the needs of the LMI and small business population by providing technical assistance on financial matters to small businesses and community development organizations. The organization also employs LMI individuals who live in the LMI tract in which the organization is located.
- **\$400** –To a non-profit organization located in a LMI census tract dedicated to the revitalization and stabilization efforts of government designated LMI areas in downtown Bridgeton, NJ.
- **\$1,700** –To an organization that provides affordable housing for low- and moderate-income families.

- **\$16,425** –To an organization that operates out of a low- income census tract, which is also a designated Urban Empowerment Zone. In addition to providing jobs to the residents of the tract, the organization assists small businesses in obtaining financing and correcting abuses which prevent the promotion of business expansion throughout the LMI community.

Since 2003 the bank provides the South Jersey Chapter of SCORE with rent free office space at the bank's 6<sup>th</sup> and Landis St. Office in Vineland, NJ. The going rate for such a location would be \$400 per month or \$4,800 annually. The office is located in an LMI area, and employs LMI clerks, etc. SCORE provides free professional advice to small business owners.

It should be noted the bank provided donations of \$52,859 to the Cumberland County College Fund, "School Counts" program. Upon completion of specific criteria, the program guarantees high school seniors a job interview. NNB participates in the job interview program. Completion of additional criteria will provide the student with two years of tuition. While this is not considered a qualified investment, its broader net does assist a significant amount of the LMI population and LMI geographies. Likewise, the bank also donated \$31,270 to the Cumberland County Guidance Center. The Center provides a variety of psychiatric services for the mentally ill. The services include crisis intervention, jail re-entry program, homeless transition, and residential services for psychiatrically disabled adults. While the donation is not CRA qualified, the Center's services benefit a significant number of LMI and underserved individuals.

## **Extent to Which the Bank Provides Community Development Services**

### **Gloucester County- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD AA MSA #47980**

The bank's performance under the community development services test in the Gloucester County AA is adequate. NNB's deposit and loan products include free personal checking accounts with a \$100 minimum balance and free business checking accounts with no minimum balance. The bank also offers unlimited check writing for each checking account in addition to free internet banking and bill-pay. NNB continues to offer the "Helping Hand" loan program, which provides unsecured loans of \$1 thousand to low- and moderate-income individuals within the AA. Loans originated under this program have more relaxed underwriting standards than traditional unsecured consumer loans.

During the evaluation period bank staff provided financial expertise and leadership services to several qualifying community development organizations serving the Gloucester County AA. The following examples are the CD services provided by NNB in which bank staff hold key positions:

- The bank offers a children's savings program. The program involves bank personnel making presentations on financial topics in local elementary and high schools, including those in or adjacent to low- and moderate-income areas.
- A vice president of the bank is a member and Treasurer of a non-profit in Gloucester County, NJ and provides financial expertise. The organization provides new and used clothing distribution to needy families, operates a food pantry and distributes food baskets during the holidays, and provides homeless services, assisting with the basic needs of food, shelter, clothing, information, and referrals. The organization serves a moderate-income community.
- A vice president of the bank is a member of a non-profit organization that donates their financial expertise, time, and funds to support local projects that help people in need. Such projects address hunger, poverty, and illiteracy. It serves those located in low- and moderate-income areas.
- A senior vice president is a member of a non-profit organization that contributes to the economic growth of the southern eight counties of New Jersey by working cooperatively with county economic development directors. Its membership consists of key leaders and decision-makers from the public and private sectors.

### **Cumberland County, NJ AA MSA #47220 – Vineland/Millville/Bridgeton, NJ**

The bank's performance under the community development services test in the Cumberland County AA is adequate. Of NNB's four branches located within the Cumberland County AA, one is located in a low-income geography. The area is also a designated Urban Enterprise Zone.

The bank's performance under the community development services test in the Cumberland County AA is adequate. NNB's deposit and loan products include free personal checking accounts with a \$100 minimum balance and free business checking accounts with no minimum balance. The bank also offers unlimited check writing for each checking account in addition to free internet banking and bill-pay. NNB also offers a "Helping Hand" loan program, which provides unsecured loans of \$1 thousand to low- and moderate-income individuals within the AA. Loans originated under this program have more relaxed underwriting standards than traditional unsecured consumer loans.

During the evaluation period bank employees provided financial expertise and leadership services to different qualifying community development organizations serving the Cumberland County AA. The following are some examples of the CD services provided by NNB in which employees hold key positions:

- The bank offers a children's savings program. The program involves bank personnel making presentations on financial topics in local elementary and high schools, including those in or adjacent to low- and moderate-income census tracts.

- A vice president of the bank is a member of a non-profit organization that promotes economic development and humanitarian projects that address challenges such as hunger, poverty and illiteracy. Members donate time, financial expertise and funds to support local projects that help people in need, including those in low- and moderate-income geographies such as the Bridgeton, NJ area.
- A senior vice president is a member of a non-profit organization that encourages growth and stability of the small business sector and facilitates opportunities for banks to make business loans in low-income urban areas in southern New Jersey.
- The Advertising/Marketing Officer of the bank provides financial expertise as a volunteer for a non-profit located in Vineland, NJ. The primary goal of the organization is the revitalization of Landis Avenue through four committees: Organization, Design, Promotions, and Economic Restructuring. Landis Avenue is located in a moderate-income area and is designated as a Main Street Community by the State of New Jersey to be eligible for community development grants.

### **Responsiveness to Community Development Needs**

Given the bank's capacity and availability of community development opportunities in the AA, NNB demonstrates adequate responsiveness to community development needs in its AA through community development loans, qualified donations, and community services.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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