



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 8, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank and Trust Company of Newtown
Charter Number #324

40 S State St
Newtown, PA 18940

Office of the Comptroller of the Currency

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, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The Lending Test rating is based on the state of Pennsylvania and the following overall conclusions:

- A substantial majority of loans are originated and purchased inside the assessment area (AA).
- The loan-to-deposit (LTD) ratio is reasonable.
- The bank exhibits reasonable geographic distribution of loans in the bank's AA.
- The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses of different sizes.

The Community Development (CD) Test rating is based on the performance in the state of Pennsylvania. The bank's CD lending, qualified investments, and services represents adequate responsiveness to CD needs, considering the bank's capacity and the need and availability of such opportunities for CD in the AA.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is reasonable.

The First National Bank and Trust Company of Newtown's (FNB or bank) quarterly net LTD ratio over the three-year evaluation period averaged 35.8 percent. During this period, the quarterly LTD ratio ranged from a low of 32.1 percent to a high of 42.8 percent. FNB's quarterly average net LTD ratio underperformed financial institutions of similar size located in the AA. The quarterly average net LTD ratio for Bucks County financial institutions with asset sizes ranging from \$774 million to \$2.90 billion was 84.1 percent during the evaluation period. The peer group ranged from a quarterly low of 68.2 percent to a quarterly high of 117.2 percent during that period. Strong competition is a contributing factor to FNB underperforming peer. The top five banks' combined market share of deposits was 57.5 percent. FNB's market share of deposits is 4.5 percent.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated and purchased 89.1 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

The below table illustrates the number and dollar volume of home mortgage, small business, and small farm loans originated inside and outside the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage										
2021	134	88.7	17	11.3	151	38,232	82.1	8,325	17.9	46,557
2022	127	90.7	13	9.3	140	36,077	87.2	5,292	12.8	41,369
2023	85	80.2	21	19.8	106	19,680	69.9	8,468	30.1	28,147
Subtotal	346	87.2	51	12.8	397	93,989	81.0	22,084	19.0	116,073
Small Business										
2021	376	90.6	39	9.4	415	34,526	89.3	4,141	10.7	38,667
2022	88	88.9	11	11.1	99	21,429	88.4	2,810	11.6	24,239
2023	79	90.8	8	9.2	87	16,594	86.1	2,677	13.9	19,271
Subtotal	543	90.3	58	9.7	601	72,549	88.3	9,628	11.7	82,177
Small Farm										
2022	1	100.0	0	0	1	500	100.0	0	0.0	500
Subtotal	1	100.0	0	0	1	500	100.0	0	0.0	500
Total	890	89.1	109	10.9	999	167,038	84.0	31,712	16.0	198,750
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

FNB is an independent, single state community bank established in 1864. FNB's main office and headquarters are in Newtown, Pennsylvania. Newtown is located within Bucks County, centered in southeast Pennsylvania and 30 miles north of Philadelphia. As of December 31, 2023, FNB reported total assets of \$1.1 billion and tier one capital of \$130.3 million. FNB is owned by FNB Bancorp Inc., which is also located in Newtown, Pennsylvania. In addition, FNB Bancorp Inc. also owns FNB Realty, a subsidiary that owns the real estate for one bank branch and a building that is currently leased. FNB Realty is not considered in this evaluation as its operations do not affect FNB's capacity or efforts to meet community needs.

As of December 31, 2023, FNB had one rating area, and operated within one AA in the state of Pennsylvania, which consists of portions of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA which consists solely of the entirety of Bucks County, Pennsylvania. FNB has 15 branches located throughout the AA, twelve of which are full service branches offering drive-thru and automated teller machine (ATM) services. The remaining three branches are limited service, two of which are located in retirement villages and one is located within a local school. In 2021, the bank closed their Holland Village branch, which was a limited service branch located within a retirement village. FNB's operations center is located in Newtown, Pennsylvania. FNB offers an internet site for banking information, www.fnbn.com, as well as online and mobile banking services.

FNB is a full-service community bank offering a range of retail banking, commercial banking, and trust services. Retail services include checking accounts, savings programs, consumer loan programs,

residential mortgages, and credit cards. Residential mortgages are offered with fixed and adjustable rates. FNB also offers a “first-time homebuyer” loan program for individuals and families on a limited income. Construction loans are offered for complete home construction, home improvements, and home repairs.

Commercial services include business checking accounts, commercial-grade savings accounts, commercial mortgages, lines or letters of credit, credit cards, and loans for equipment or capital improvements. FNB also offers a “corporate cash management” service to businesses to assist small and medium-sized businesses in managing payroll, making tax payments, and balancing any accounts receivable or payable. In addition, FNB offers trust, wealth management, and estate management services as well as investment and financial planning advice.

As of December 31, 2023, FNB reported total loans and leases of \$432 million, representing 38 percent of total assets. The loan portfolio is primarily comprised of 1-4 family residential loans, non-farm non-residential loans, and municipal loans, which equate to 50.7 percent, 33.8 percent, and 11.8 percent, respectively. Other loan product types represented 1 percent or less of the loan portfolio including commercial and industrial loans, loans to individuals, and non-depository and other loans.

There are no financial or legal impediments that impact FNB’s ability to meet the credit needs to its communities.

FNB’s last Public Evaluation (PE), dated June 7, 2021, was rated Satisfactory.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) evaluated FNB using the Intermediate Small Bank CRA evaluation procedures, which include a Lending Test and Community Development Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through its lending activities and considers the bank's performance pursuant to the following criteria: Geographic Distribution, Borrower Distribution, and Response to CRA Complaints. The Community Development Test evaluates the bank's responsiveness to the Community Development needs of its AA through qualified lending, investments and donations, and services. To evaluate performance under the Lending Test, examiners reviewed home mortgage and small business loans originated between January 1, 2021, and December 31, 2023.

Due to changes to demographic data and census tract income-level designations that resulted from the 2020 U.S. Census data that became effective January 1, 2022, the OCC conducted a separate analysis of FNB's lending performance during the January 1, 2021 through December 31, 2021 period (2021 period) from the January 1, 2022 through December 31, 2023 period (2022-2023 combined period). Examiners analyzed FNB's home mortgage lending performance for the 2021 period using the 2015 American Community Survey (ACS) demographic data. For the 2022-2023 combined period, examiners used the 2020 U.S. Census demographic data to analyze FNB's lending performance. Examiners provided more consideration to FNB's lending performance during the 2022-2023 combined period as this represented a longer period of performance. Appendix D includes separate lending data for each of the evaluation periods.

The bank's primary loan products during the evaluation period were home mortgages and loans to small businesses, which comprised 50.7 percent and 33.8 percent of the bank's total loans and leases, respectively. Generally, examiners did not perform statistical analysis or draw conclusions for a loan product if there were less than 20 originated or purchased loans in an AA. The bank did not originate or purchase a sufficient volume of small loans to farms for a meaningful analysis. Examiners verified the accuracy of loan data and CD activities submitted by management as part of this evaluation prior to conducting analysis and drawing conclusions.

Examiners placed more emphasis on demographic comparators than aggregate performance for the analysis of the bank's lending performance under both geographic and borrower distribution, as the demographic data covered all three years of the evaluation period, whereas aggregate lending data was only available for 2022.

Examiners also placed more emphasis on the bank's home mortgage lending compared to small business lending in determining the bank's overall performance under the Lending Test due to consideration given towards the bank's origination of Paycheck Protection Program (PPP) loans. Due to revenue information not being a requirement for the PPP Lending program, the bank did not collect revenue information for PPP loans originated. This resulted in a substantially higher volume of small business loans with revenues not reported in its AA. Interagency guidance states: "When evaluating CRA performance, the agencies will take into account the unique circumstances affecting borrowers and banks resulting from the COVID-19 emergency and will not penalize a bank for making a large volume of loans for which gross annual revenue information is not available." To fully consider the bank's lending patterns within the context of the PPP program, examiners analyzed bank performance including

and excluding PPP loans for which revenue was unavailable or uncollected. This performance context resulted in examiners placing more weight on the bank's home mortgage lending in determining the bank's overall performance under the Lending Test.

Examiners generally gave equal weighting to geographic and borrower distribution components of the Lending Test unless performance context factors indicated examiners consider one component more than the other. When there were differences in performance between loan products in the bank's AA, examiners determined the overall conclusion by weighting the products based on the loan mix by number of loans over the evaluation period. When there were performance differences between low- and moderate-income geographies, examiners placed more emphasis on the geographic category with more lending opportunities (e.g., higher percentage of businesses or owner-occupied housing units). Examiners described any variations within the narrative comments of each rating area.

In assessing performance with respect to the Community Development Test, examiners evaluated the bank's loans, services, and investments made between January 1, 2021, and December 31, 2023. In concluding on the bank's overall performance, examiners weighed the bank's performance under the Lending Test and community development test equally.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

FNB's overall rating is based solely on its performance in the state of Pennsylvania. The state of Pennsylvania rating is derived from the bank's performance under the CRA Intermediate Small Bank Lending Test based on the bank's performance in relation to its home mortgage and small business lending and Community Development Test.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Pennsylvania

CRA rating for the State of Pennsylvania¹: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The bank exhibits a reasonable geographic distribution of loans in the state.
- The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- The bank was not subject to any CRA related complaints during the evaluation period.
- The bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, and services.

Description of Institution's Operations in Pennsylvania

FNB has one AA in the state of Pennsylvania, the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA, which consists solely of the entirety of Bucks County. FNB only maintains branches within the state of Pennsylvania, therefore, there is no difference in the description of the institution's operations at the overall and state level. The bank has not made any changes to the AA during the evaluation period. Please refer to the overall description of institution's operations for additional information.

The bank's primary business focus is to originate loans funded by core deposits. The bank faces significant competition for deposits in its AA. According to the Federal Deposit Insurance Corporation (FDIC) deposit market share data as of June 30, 2023, FNB ranks eighth among 32 institutions with 4.5 percent of the market share. The top five depository institutions, Wells Fargo Bank, NA (18.5 percent), TD Bank, NA (14.5 percent), Citizens Bank, NA (8.4 percent), Penn Community Bank (8.3 percent), and Bank of America, NA (7.9 percent) represented 57.6 percent of the deposit market share in the AA.

Data obtained from the U.S. Bureau of Labor Statistics indicates that as of December 31, 2023, the average unemployment rate for Montgomery, Bucks, and Chester counties were 2.4 percent, compared to 3.4 percent for the state of Pennsylvania and 3.7 percent nationally.

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

Bucks County PA AA

Demographic Information of the AA						
AA: Bucks County AA 2021						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	143	2.8	25.2	46.2	25.2	0.7
Population by Geography	626,583	2.5	24.8	46.8	25.9	0.0
Housing Units by Geography	246,515	2.8	26.0	47.3	23.9	0.0
Owner-Occupied Units by Geography	178,113	1.4	20.6	49.7	28.2	0.0
Occupied Rental Units by Geography	54,953	6.9	41.5	40.5	11.0	0.0
Vacant Units by Geography	13,449	4.4	34.0	42.6	19.0	0.0
Businesses by Geography	86,131	2.2	20.5	48.1	29.1	0.1
Farms by Geography	2,368	1.6	18.1	52.4	28.0	0.0
Family Distribution by Income Level	166,529	21.2	19.5	22.3	37.0	0.0
Household Distribution by Income Level	233,066	24.0	17.7	18.6	39.7	0.0
Median Family Income MSA - 33874 Montgomery County-Bucks County- Chester County, PA		\$99,939	Median Housing Value			\$320,427
			Median Gross Rent			\$1,162
			Families Below Poverty Level			4.2%
<i>Source: 2015 ACS and 2021 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

As of the 2015 ACS Census, the 143 census tracts that comprise the bank's AA include contains four low-income geographies, 36 moderate-income geographies, 66 middle-income geographies, 36 upper-income geographies, and one geography that has not been assigned an income classification.

Demographic Information of the AA						
AA: Bucks County AA 2022-2023 Combined						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	147	2.7	29.3	42.2	24.5	1.4
Population by Geography	646,538	2.9	27.3	44.0	24.7	1.1
Housing Units by Geography	251,373	3.1	28.1	44.5	23.0	1.4
Owner-Occupied Units by Geography	187,963	2.0	23.3	46.7	26.3	1.7
Occupied Rental Units by Geography	52,800	7.3	44.4	36.3	11.4	0.5
Vacant Units by Geography	10,610	1.9	30.3	46.3	21.2	0.3
Businesses by Geography	103,190	2.3	23.9	43.1	29.9	0.9
Farms by Geography	2,753	2.2	21.0	50.4	25.6	0.8
Family Distribution by Income Level	173,010	21.0	18.8	23.0	37.1	0.0
Household Distribution by Income Level	240,763	24.1	17.3	18.7	39.9	0.0
Median Family Income MSA - 33874 Montgomery County-Bucks County- Chester County, PA		\$117,345	Median Housing Value			\$349,221
			Median Gross Rent			\$1,295
			Families Below Poverty Level			3.6%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification.						

As of the 2020 U.S. Census, the 147 census tracts contains four low-income geographies, 43 moderate-income geographies, 62 middle-income geographies, 36 upper-income geographies, and one geography that has not been assigned an income classification.

Housing

The OCC considered housing affordability for low- and moderate-income borrowers as additional performance context when concluding on the bank's lending performance in its AA. In determining housing affordability for low- and moderate-income borrowers, examiners used the median housing value in the AA to calculate an estimated monthly mortgage payment assuming a 30-year mortgage with a 6.5 percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses. Examiners calculated an estimated monthly income for low-income and moderate-income borrowers based on the median family income in the above table and compared the estimated monthly mortgage payment to the estimated monthly income for low-income and moderate-income borrowers. OCC examiners used a 6.5 percent fixed-interest rate based on the rise in interest rates during the 2022-2023 period.

Based on the median housing value, the calculated maximum affordable monthly mortgage payment was \$2,207. Based on the median family income, the maximum affordable monthly mortgage payment was \$1,467 for low-income families and \$2,347 for moderate-income families.

Based on these calculations, low-and moderate-income borrowers would be challenged to qualify for and afford home mortgage financing in the AA.

Community Contact

Representatives from two community organizations were contacted during the evaluation period. The first organization's goal is reducing poverty and promoting self-sufficiency for low-income families in Bucks County. The contact mentioned affordable housing is a primary need due to the number of low-income individuals and those new to the job market. The contact stated inventory is limited. The other organization is an economic development agency established to support economic growth in Bucks County by providing low-cost financing to manufacturing and distribution companies. The contact stated opportunities exist for banks to partner with the agency to assist small businesses in paying off loans from working capital and existing debt.

Scope of Evaluation in Pennsylvania

The bank operates only in the state of Pennsylvania. The OCC performed a full-scope review of the bank's AA. The bank has one AA in the state of Pennsylvania, part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA, which consists solely of the entirety of Bucks County. There are no limited-scope review areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PENNSYLVANIA

LENDING TEST

The bank's performance under the Lending Test in Pennsylvania is rated Satisfactory.

Demographic and performance context challenges, such as the limited availability of owner-occupied housing in low- and moderate-income census tracts in the AA, were considered. In evaluating the bank's geographic distribution of lending, the OCC provided more weight on the bank's performance in moderate-income geographies due to the limited number of low-income geographies. In evaluating the bank's distribution of loans to borrowers of different income levels the OCC weighted the bank's lending to low- and moderate-income borrowers equally. The majority of owner-occupied housing units are in the middle- and upper- income census tracts and the majority of the bank's home mortgage lending was also in those respective tracts.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of Pennsylvania is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of the bank's home mortgage lending was adequate.

2021

The percentage of home mortgage loans in low-income geographies exceeded both the percentage of owner-occupied housing units in those geographies and the aggregate percentage of all reporting lenders. The percentage of home mortgage loans in moderate-income geographies was near to the percentage of owner-occupied housing units in those geographies and the aggregate percentage of all reporting lenders.

2022-2023

The percentage of home mortgage loans in low-income geographies was significantly below both the percentage of owner-occupied housing units in those geographies and the aggregate percentage of all reporting lenders. The percentage of home mortgage loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies and approximated the aggregate percentage of all reporting lenders.

Small Loans to Businesses

Refer to Table Q in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of the bank's small loans to businesses was very poor.

2021

The percentage of small loans to businesses in low-income geographies was well below the percentage of businesses in those geographies and the aggregate percentage of all reporting lenders. The percentage of small loans to businesses in moderate-income geographies was significantly below the percentage of businesses in those geographies and the aggregate percentage of all reporting lenders.

2022-2023

The percentage of small loans to businesses in low-income geographies was well below the percentage of businesses in those geographies but was near to the aggregate percentage of all reporting lenders. The percentage of small loans to businesses in moderate-income geographies was significantly below the percentage of businesses in those geographies and the aggregate percentage of all reporting lenders.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of the bank's home mortgage lending was adequate.

2021

The percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families but was near to the aggregate percentage of all reporting lenders. The percentage of home mortgage loans to moderate-income borrowers was near to both the percentage of moderate-income families and the aggregate percentage of all reporting lenders.

2022-2023

The percentage of home mortgage loans was near to the percentage of low-income families and exceeded the aggregate. The percentage of home mortgage loans exceeded the percentage of moderate-income families and approximated the aggregate.

Small Loans to Businesses

Refer to Table R in the state of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The borrower distribution of the bank's small business lending was poor. When determining the conclusion in this AA, examiners considered the fact the bank issued a large number of PPP loans that did not have revenue information. The bank did not collect or consider the gross annual revenues in the underwriting of 78.5 percent of its small business loans in the AA during 2021. Consideration of the bank's PPP lending had a positive effect on our assessment of the bank's Distribution of Loans by Income Level of the Borrower.

2021

The percentage of small loans to businesses with gross annual revenues of \$1 million or less was significantly below the percentage of those businesses and was well below the aggregate percentage of all reporting lenders.

2022-2023

The percentage of small loans to businesses with gross annual revenues of \$1 million or less was well below the percentage of those businesses but was near to the aggregate percentage of all reporting lenders.

Responses to Complaints

The bank was not subject to any CRA related complaints during the review period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Pennsylvania is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Bucks County AA	3	21.4	22	5.5
Broader Regional	11	78.6	382	94.5

FNB participated in CD lending through the Community Lenders Community Development Corporation (CDC). The CDC is a consortium of local banks that provide funding for groups that develop low- and moderate-income housing and community revitalization projects.

During the evaluation period, FNB contributed \$404,731 to 14 CD loans for the purpose of affordable housing. Funding from three loans was used to develop three single-family group homes for low- and moderate-income adults with intellectual disabilities in the bank's AA. FNB made 11 CD loans through the CDC for housing projects in the broader regional area that provided a total of 545 units for low- and moderate-income individuals and families in the counties of Berks, Montgomery, and Philadelphia. Across the 11 projects, 49.1 percent were designated for seniors and/or individuals with disabilities and included one low-income housing tax credit project for a 71-unit apartment building.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Bucks County AA	0	0	9	80	9	100.0	80	100.0	0	0

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

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

FNB made nine donations totaling \$80,400 during the evaluation period to two non-profit organizations that provide community services to low- and moderate-income individuals and families. The bank provided \$65,400 in the form of rent discounts to an organization that offers a credit counseling mentorship program to low- and moderate-income individuals in the AA. The remaining \$15,000 was provided to an organization that offers various CD services as part of its mission to reduce poverty and promote self-sufficiency.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, four bank employees provided financial and technical expertise to five organizations in the AA.

The following examples demonstrate the bank's responsiveness to CD Service needs.

- A bank officer demonstrated leadership by serving as the board treasurer and member of both the finance and audit committees at a Community Action Agency in Bucks County, whose mission is to reduce poverty and promote economic self-sufficiency. The officer also provided financial expertise at this same organization by providing free income tax preparation services to low-income individuals and families in Bucks County.
- A bank officer demonstrated leadership by serving on the board, finance, and allocations committees at a foundation whose mission is to create partnerships and raise funds for an endowment that supports students with financial hardships.
- A bank employee demonstrated leadership by serving on the board of a nonprofit CDC whose mission is to provide financing to organizations committed to improving their communities through revitalization, economic development, and affordable housing along with revitalizing or stabilizing low- and moderate-income areas and designated disaster areas.
- A bank employee volunteered at an organization that provided community services targeted to low- and moderate-income individuals. The employee distributed food donations and organized boxes of food and care supplies for pantries in Bucks County.

Appendix A: Scope of Examination

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

Time Period Reviewed:	1/1/2021 to 12/31/2023	
Bank Products Reviewed:	Home Mortgage and Small Business Loans Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
Pennsylvania		
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA	Full Scope	AA includes all census tracts in Bucks County, PA

Appendix B: Summary of State Ratings

RATINGS: First National Bank and Trust Company of Newtown			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
First National Bank and Trust Company of Newtown	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

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

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

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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

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

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

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

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

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

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

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

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

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

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

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

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

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

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

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

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

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

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Bucks County AA	134	38,232,264	100.0	39,629	1.4	2.2	1.3	20.6	14.2	19.9	49.7	49.3	49.1	28.2	34.3	29.7	0.0	0.0	0.0	
Total	134	38,232,264	100.0	39,629	1.4	2.2	1.3	20.6	14.2	19.9	49.7	49.3	49.1	28.2	34.3	29.7	0.0	0.0	0.0	

*Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2022-2023
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Bucks County AA	212	55,756,359	100.0	21,731	2.0	0.9	2.2	23.4	24.5	24.6	46.7	41.0	45.4	26.3	33.0	26.7	1.7	0.5	1.2	
Total	212	55,756,359	100.0	21,731	2.0	0.9	2.2	23.4	24.5	24.6	46.7	41.0	45.4	26.3	33.0	26.7	1.7	0.5	1.2	

*Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2021
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bucks County AA	134	38,232,264	100.0	39,629	21.2	6.7	9.8	19.5	17.2	21.6	22.3	31.3	23.0	37.0	35.1	31.5	0.0	9.7	14.1
Total	134	38,232,264	100.0	39,629	21.2	6.7	9.8	19.5	17.2	21.6	22.3	31.3	23.0	37.0	35.1	31.5	0.0	9.7	14.1

*Source: 2015 ACS ; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2022-2023
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bucks County AA	212	55,756,359	100.0	21,731	21.0	15.1	11.5	18.8	23.6	24.3	23.0	15.1	23.4	37.1	27.4	28.9	0.0	18.9	11.9
Total	212	55,756,359	100.0	21,731	21.0	15.1	11.5	18.8	23.6	24.3	23.0	15.1	23.4	37.1	27.4	28.9	0.0	18.9	11.9

*Source: 2020 U.S. Census ; 01/01/2022 - 12/31/2023 Bank Data, 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2021
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Bucks County AA	376	34,526	100.0	24,177	2.2	1.3	2.2	20.5	9.8	19.8	48.1	38.0	49.8	29.1	50.8	27.5	0.1	0.0	0.7	
Total	376	34,526	100.0	24,177	2.2	1.3	2.2	20.5	9.8	19.8	48.1	38.0	49.8	29.1	50.8	27.5	0.1	0.0	0.7	

*Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																				2022-2023
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Bucks County AA	167	38,023	100.0	21,255	2.3	1.2	1.8	23.9	11.4	23.4	43.1	35.9	45.4	29.9	51.5	28.2	0.9	0.0	1.2	
Total	167	38,023	100.0	21,255	2.3	1.2	1.8	23.9	11.4	23.4	43.1	35.9	45.4	29.9	51.5	28.2	0.9	0.0	1.2	

*Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2021
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bucks County AA	376	34,526	100.0	24,177	90.3	12.2	45.6	3.8	9.3	5.9	78.5
Total	376	34,526	100.0	24,177	90.3	12.2	45.6	3.8	9.3	5.9	78.5

Source: 2021 D&B Data; 01/01/2021 — 12/31/2021 Bank Data; 2021 CRA Aggregate Data, “—” data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022-2023
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bucks County AA	167	38,023	100.0	21,255	91.7	42.5	49.9	3.1	49.1	5.2	8.4
Total	167	38,023	100.0	21,255	91.7	42.5	49.9	3.1	49.1	5.2	8.4

Source: 2023 D&B Data; 01/01/2022 - 12/31/2023 Bank Data; 2022 CRA Aggregate Data, “--” data not available.
Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.