



## **PUBLIC DISCLOSURE**

April 2, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Elmer  
Charter Number 6707

Main Street  
Elmer, NJ 08318

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, 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.

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## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

The major factors supporting this rating include:

- The bank's quarterly average net loan-to-deposit ratio is reasonable and meets the standard for satisfactory performance;
- The majority of the bank's loans were originated in the bank's assessment area;
- The bank's distribution of loans represents a reasonable penetration among individuals of different income levels; and
- The bank's distribution of loans represents a reasonable dispersion throughout census tracts of different income levels.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small

business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

**Geography:** A census tract 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), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. 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 it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**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.

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) 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 One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is 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.

## DESCRIPTION OF INSTITUTION

The First National Bank of Elmer (FNBE) is a locally owned community bank established in 1903. The main office is in the Borough of Elmer, Salem County, New Jersey. As of December 31, 2017, FNBE had total assets of \$259 million and tier one capital of \$24 million. FNBE is a wholly-owned subsidiary of Elmer Bancorp, Inc. a single bank holding company established in 2001. FNBE maintains one subsidiary, the First Elmer Investment Corporation, a Delaware Corporation established to manage the bank's investment portfolio. The subsidiary does not affect the bank's capacity for community reinvestment and is not considered in this evaluation.

As of April 2, 2018 FNBE operates six full-service branches located throughout Salem, Cumberland, and Gloucester Counties. FNBE also has one executive office and two operations offices in Salem County, New Jersey. The six branches offer 24-hour ATM, drive-in banking and night depository services to their customers. The bank has extended lobby hours on Fridays as well as Saturday hours for all branch offices. There were no branches closed or opened since the previous evaluation period. The bank had no mergers or acquisitions during the evaluation period.

FNBE is a full service, community bank offering a standard range of retail and commercial products. The scope of retail products includes checking and savings accounts, money market accounts, certificate of deposits, home mortgages, home equity loans, and home equity lines of credit. Commercial products include checking accounts, money markets, real estate loans, lines of credit, and construction loans.

As of December 31, 2017, FNBE reported net loan and leases of \$221 million or 84 percent of average assets. The loan portfolio is comprised of:

<b>Loan Portfolio Summary by Loan Product December 31, 2017</b>	
<b>Loan Category</b>	<b>% of Outstanding Loans</b>
Commercial Real Estate	42
1-4 Family Residential Real Estate Loans	33
Commercial and Industrial Loans	10
Construction and Development	10
Multifamily	3
Farmland	2
Agricultural	1
Consumer Loans	1

*Source: December 31, 2017 Call Report*

There are no financial or legal impediments to hinder FNBE's ability to help meet the credit needs of its communities.

FNBE's previous Performance Evaluation (PE), dated November 5, 2012, was rated "Satisfactory."

## **SCOPE OF EXAMINATION**

FNBE was evaluated under Small Bank examination procedures, which only includes a Lending Test. The Lending Test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through lending activities.

The Lending Test covers two evaluation periods. The first evaluation period covers the bank's performance from January 1, 2015 to December 21, 2016. For 2017, the Office of Management and Budget changed the 2010 U.S. Census data. The changes resulted in differences to the MSA/MD, census tract and income designations. To reflect the Census changes, we used a second evaluation period for the bank's Lending Test, covering performance from January 1, 2017 to December 31, 2017.

Borrower income distribution of home mortgage loans was weighted most heavily in determining conclusions for the Lending Test. Less weight was given to the geographic distribution of loans since the bank has limited opportunities to lend in the low- or moderate-income tracts. Our conclusions are based on information contained within the bank's Home Mortgage Disclosure Act Loan Application Registers (HMDA-LARs), from U.S. Census reports, and the Uniform Bank Performance Report.

The evaluation period for the Lending Test is from January 1, 2015 through December 31, 2017. The bank's lending strategy during this period is similar to the previous CRA examination.

### **Data Integrity**

FNBE reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to this examination, we tested the accuracy of FNBE's HMDA data. The results of testing indicated the data was reasonably accurate and reliable. Therefore, we used HMDA data from January 1, 2015 to December 31, 2017 for this evaluation.

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

FNBE has three assessment areas located in Southern New Jersey and are comprised of portions of the Vineland, Millville, Bridgeton MSA #47220, the Camden MD #15804 and the Wilmington, Delaware Maryland MD #48864. The Cumberland County AA consists of all 34 census tracts in Cumberland County. The Gloucester County AA consists of all 63 contiguous census tracts within the county. The Salem County AA consists of all 25 contiguous census tracts in the county. The bank's main office is located in Salem County. We performed a full-scope review of each AA. Refer to the tables in Appendix A for demographic information for each AA.

### **Ratings**

The bank's overall rating is based on our full scope reviews of the bank's three AAs. FNBE has one branch in each of the Cumberland County and Gloucester County AAs and four bank branches located in the Salem County AA. None of the bank's branch offices are located within a low- or moderate-income census tract.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §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 assessment area 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 Consumer Financial Protection Bureau, 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.

## Conclusions with Respect to Performance Tests

### LENDING TEST

FNBE’s performance under the Lending Test is Satisfactory. FNBE’s quarterly average net loan-to-deposits ratio is reasonable. A majority of FNBE’s home mortgage loans were made within the bank’s assessment area. FNBE has a reasonable loan penetration among borrowers of different income levels. FNBE has reasonable loan dispersion throughout census tracts of different income levels.

### Loan-to-Deposit Ratio

FNBE’s quarterly average net loan-to-deposit ratio is reasonable. The bank’s quarterly average net loan-to-deposit ratio over the 21 quarters since the last CRA examination was 93.28 percent. During this period, the ratio ranged from a quarterly low of 86.51 percent to a quarterly high of 98.37 percent. FNBE’s quarterly average net loan-to-deposit ratio compares favorably to a custom peer group comprised of other New Jersey financial institutions of similar size. The quarterly average net loan-to-deposit ratio for the banks of similar size was 62.81 percent over the same 21 quarters. The ratios ranged from a quarterly low of 30.02 percent to a quarterly high of 107.27 percent during that period.

### Lending in Assessment Area

A majority of FNBE’s home mortgage loans were made within the bank’s assessment area. This meets the standard for satisfactory performance. During the evaluation period, 74 percent of the number of home mortgage loans were made within the bank’s assessment area. The following table details the bank’s lending within the AA by number of loans:

Table 1 - Lending in AA 2015 - 2017					
Loan Type	Number of Loans				Total
	Inside		Outside		
	#	%	#	%	
Home Purchase	25	61	16	39	41
Home Improvement	31	89	4	11	35
Home Refinance	45	75	15	25	60
Totals	101	74	35	26	136

Source: FNBE’s HMDA data 1/1/15-12/31/2017

## **Lending to Borrowers of Different Incomes**

The distribution of loans reflects reasonable penetration among individuals of different income levels. FNBE's record of lending to borrowers of different incomes meets the standard of satisfactory performance.

### **Cumberland County AA 2015-2016**

The distribution of loans reflects reasonable penetration among individuals of different income levels. FNBE's record of lending to borrowers of different incomes meets the standard for satisfactory performance.

Home ownership for low- or moderate-income families is difficult and opportunities for loans is limited. The average median housing value in the AA is \$170,134. A low-income family earns less than \$27,200, while a moderate-income family earns less than \$43,520. In addition, 14 percent of households in the AA are below the poverty level.

#### *Home Purchase Loans 2015-2016*

The bank did not grant any home purchase loans to low- or moderate-income borrowers in the AA. FNBE does not have market share for home purchase loans in the AA. Considering the lack of opportunity in this AA, this performance is reasonable.

#### *Home Improvement Loans 2015-2016*

The percentage of home improvement loans made to low-income borrowers significantly exceeds the percentage of low-income families in the AA. This performance is excellent. The bank did not grant any home improvement loans to moderate-income borrowers in the AA. FNBE does not have market share for home improvement loans in the AA. Given the lack of opportunity, this performance is reasonable.

#### *Home Refinance Loans 2015-2016*

The bank did not grant any home refinance loans to low-income borrowers in the AA. Given the lack of opportunities to lend, this performance is reasonable. The percentage of home refinance loans made to moderate-income borrowers is near to the percentage of moderate income families in the AA. This performance is good. FNBE does not have market share for home refinance loans in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels from January 1, 2015 through December 31, 2016 as compared to the percent of families in each income category.

Table 2 - Borrower Distribution of Real Estate Loans in the Cumberland County AA 2015-2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.94	0.00	15.80	0.00	19.90	0.00	40.36	100.00
Home Improvement	23.94	33.33	15.80	0.00	19.90	0.00	40.36	66.67
Refinance	23.94	0.00	15.80	11.11	19.90	22.22	40.36	66.67

\* Based on 2016 Peer Mortgage Data -- US and PR  
 \*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Families is based on the 2010 Census information.  
 \*\*\*\* As a percentage of loans with borrower income information available. No information was available for 46.7% of loans originated and purchased by bank.  
 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

### Cumberland County AA 2017

The distribution of loans reflects reasonable penetration among individuals of different income levels. FNBE’s record of lending to borrowers of different incomes meets the standard for satisfactory performance.

Home ownership for low-income families is difficult and opportunities for loans are limited. According to the demographic information for this AA, the average median housing value in 2017 was \$155,671. According to the 2017 FFIEC adjusted median family income, a low-income family earned less than \$27,100 and a moderate-income family earned less than \$43,360. Sixteen percent of households in this AA are below the poverty level. This lack of affordability limits the opportunity for home purchase, home improvement, and home refinance lending to low-income families.

#### Home Purchase Loans 2017

FNBE did not originate any purchase loans to low-income borrowers. Given the difficulty for low-income families to afford housing, this performance is reasonable.

The bank also did not originate any home purchase loans to moderate-income borrowers. This performance is poor. FNBE does not have market share for home purchase loans in the AA.

*Home Improvement Loans 2017*

FNBE did not originate any home improvement loans to low-income borrowers. Given the difficulty for low- and moderate-income families to afford housing, this performance is reasonable. FNBE also did not originate any home improvement loans to moderate-income borrowers. This performance is poor. FNBE does not have market share for home improvement loans in the AA.

*Home Refinance Loans 2017*

FNBE did not originate any refinance loans to low-income borrowers. Given the difficulty for low-income families to afford housing, this performance is reasonable. FNBE does not have market share for home purchase loans in the AA. FNBE also did not originate any refinance loans to moderate-income borrowers. This performance is poor. FNBE does not have market share for home refinance loans in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels from January 1, 2017 through December 31, 2017.

<b>Table 2A - Borrower Distribution of Residential Real Estate Loans in the Cumberland County AA 2017</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.20	0.00	17.56	0.00	19.46	0.00	41.78	100.00
Home Improvement	21.20	0.00	17.56	0.00	19.46	100.00	41.78	0.00
Refinance	21.20	0.00	17.56	0.00	19.46	25.00	41.78	75.00

*\* Based on 2016 Peer Mortgage Data -- US and PR  
 \*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Families is based on the 2010 Census information.  
 \*\*\*\* As a percentage of loans with borrower income information available. No information was available for 37.1% of loans originated and purchased by bank.  
 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)*

**Gloucester County AA 2015-2016**

The distribution of loans reflects reasonable penetration among individuals of different income levels. FNBE’s record of lending to borrowers of different incomes meets the standard for satisfactory performance.

Home ownership for low-income families is difficult and opportunities for loans are limited. According to demographic information for this AA, the average median housing value in 2016 was \$240,593. The U.S. Census median family income shows a low-income family earned less than \$42,100, and a moderate-income family earned less than \$67,360. In 2016, eight percent of households in the AA were below the poverty level. This lack of affordability limits the opportunity for home purchase, home improvement, and home refinance lending to low-income families.

#### *Home Purchase Loans 2015-2016*

The bank made no home purchase loans to low-income borrowers in the AA. Given the difficulty affording a home, this performance is reasonable. The percentage of home purchase loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. This performance is excellent. FNBE's market share of home purchase loans to both low- and moderate-income borrowers is below the bank's overall market share of home purchase loans in the AA.

#### *Home Improvement Loans 2015-2016*

The bank made no home improvement loans to low-income borrowers in the AA. Given the difficulty affording a home, this performance is considered reasonable. The percentage of home improvement loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. This performance is excellent. FNBE's market share of home improvement loans to low-income borrowers is below the bank's overall market share of home improvement loans in the AA. FNBE's market share of home improvement loans to moderate-income borrowers significantly exceeds the overall market share.

#### *Home Refinance Loans 2015-2016*

The percentage of home refinance loans made to low-income borrowers exceeds the percentage of low-income families in the AA. This performance is excellent. The bank made no home refinance loans to moderate-income families in the AA. This performance is poor. FNBE's market share of home refinance loans to both low- and moderate-income borrowers is below the bank's overall market share of home refinance loans in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels from January 1, 2015 through December 31, 2016 as compared to the percent of families in each income category.

Table 3 - Borrower Distribution of Real Estate Loans in Gloucester County AA 2015-2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.15	0.00	17.38	40.00	23.88	20.00	40.59	40.00
Home Improvement	18.15	0.00	17.38	50.00	23.88	33.33	40.59	16.67
Refinance	18.15	20.00	17.38	0.00	23.88	0.00	40.59	80.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 46.7% of loans originated and purchased by bank.

Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

### Gloucester County AA 2017

The distribution of loans reflects reasonable penetration among individuals of different income levels. FNB's record of lending to borrowers of different incomes meets the standard for satisfactory performance.

Home ownership for low-income families is difficult and opportunities for loans are limited. In 2017, the average median housing value was \$217,000. According to the 2017 FFIEC adjusted median family income, a low-income family earned less than \$45,750, and a moderate-income family earned less than \$73,200. In 2017, eight percent of households in the AA were below the poverty level. This lack of affordability limits the opportunity for home purchase, home improvement, and home refinance lending to low-income families.

#### Home Purchase Loans 2017

The percentage of home purchase loans made to low-income borrowers exceeds the percentage of low-income families in the AA. This performance is excellent. The percentage of home purchase loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. This performance is also excellent.

FNBE’s market share of home purchase loans to both low- and moderate-income borrowers is below the bank’s overall market share of home purchase loans in the AA.

*Home Improvement Loans 2017*

FNBE did not originate any home improvement loans to low-income borrowers. When considering the difficulty affording a home, this performance is reasonable. The percentage of home improvement loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. This performance is excellent. FNBE’s market share of home improvement loans to low-income borrowers is below the bank’s overall market share of home improvement loans in the AA. FNBE’s market share of home improvement loans to moderate-income borrowers exceeds the overall market share.

*Home Refinance Loans 2017*

The percentage of refinance loans made to low- and moderate-income borrowers is reasonable. FNBE did not originate any refinance loans to low-income borrowers. Given the difficulty affording a home, this performance is reasonable. FNBE did not originate any refinance loans to moderate-income borrowers. This performance is poor. FNBE’s market share of home refinance loans to both low- and moderate-income borrowers is below the bank’s overall market share of home refinance loans in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels from January 1, 2017 through December 31, 2017.

<b>Table 2A - Borrower Distribution of Residential Real Estate Loans in Gloucester County AA 2017</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	18.15	20.00	16.96	20.00	22.17	20.00	42.72	40.00
Home Improvement	18.15	0.00	16.96	20.00	22.17	40.00	42.72	40.00
Refinance	18.15	0.00	16.96	0.00	22.17	0.00	42.72	100.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Families is based on the 2015 ACS Census information.

## **Salem County AA 2015-2016**

The distribution of loans reflects reasonable penetration among individuals of different income levels. FNBE's record of lending to borrowers of different incomes meets the standard for satisfactory performance.

Home ownership for low-income families is difficult and opportunities for loans are limited. In 2016, the average median housing value in the AA was \$192,955. A low-income family earned less than \$40,000, and a moderate-income family earned less than \$64,000. Additionally, ten percent of households in the AA are below the poverty level. This lack of affordability limits the opportunity for home purchase, home improvement, and home refinance lending to low-income families.

### *Home Purchase Loans 2015-2016*

The bank made no home purchase loans to low-income borrowers in the AA. Given the difficulty affording a home and the limited opportunities for home loans, this performance is reasonable. The bank also made no home purchase loans to moderate-income borrowers in the AA. This performance is poor. FNBE does not have any market share of home purchase loans in the AA.

### *Home Improvement Loans 2015-2016*

The percentage of home improvement loans made to low-income borrowers significantly exceeds the percentage of low-income families in the AA. This performance is excellent. The bank made no home improvement loans to moderate-income borrowers in the AA. This performance is poor. FNBE does not have any market share of home improvement loans in the AA.

### *Home Refinance Loans 2015-2016*

The percentage of home refinance loans made to low-income borrowers is near to the percentage of low-income families in the AA. Given the difficulty affording a home and the limited opportunities for home loans, this performance is reasonable. The bank's market share in low-income census tracts exceeded its overall market share. The bank made no home refinance loans to moderate-income borrowers in the AA. This performance is poor. FNBE's market share of home refinance loans to moderate-income borrowers is below the bank's overall market share of home refinance loans in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels from January 1, 2015 through December 31, 2016 as compared to the percent of families in each income category.

Table 3 - Borrower Distribution of Real Estate Loans in the Salem County AA 2015-2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.81	0.00	19.30	0.00	23.18	0.00	35.72	100.00
Home Improvement	21.81	33.33	19.30	0.00	23.18	11.11	35.72	55.56
Refinance	21.81	20.00	19.30	10.00	23.18	20.00	35.72	50.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 46.7% of loans originated and purchased by bank.

Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

### Salem County AA 2017

The distribution of loans reflects reasonable penetration among individuals of different income levels. The bank’s record of lending to borrowers of different income levels is satisfactory.

Home ownership for low-income families is difficult and opportunities for loans are limited. In 2017, the average median housing value in the AA is \$181,766. According to the 2017 FFIEC adjusted median family income, a low-income family earned less than \$40,700, and a moderate-income family earned less than \$65,120. In 2017, 12 percent of households in the AA were below the poverty level. This lack of affordability limits the opportunity for home purchase, home improvement, and home refinance lending to low-income families.

#### Home Purchase Loans 2017

The bank made no home purchase loans to low-income borrowers in the AA. Considering the difficulty for low- and moderate-income families to afford a home, this performance is reasonable. The bank also made no home purchase loans to moderate-income borrowers in the AA. This performance is poor. The bank had no market share in this AA during 2017.

*Home Improvement Loans 2017*

The percentage of home improvement loans made to low-income borrowers is below the percentage of low-income families in the AA. When considering the limited opportunity, this performance is reasonable. The percentage of home improvement loans made to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the AA. This performance is excellent. FNBE does not have market share of home improvement loans in the AA.

*Home Refinance Loans 2017*

The bank did not originate any refinance loans to low-income borrowers. Given difficulty for low-income families to afford a home, this performance is reasonable. The percentage of refinance loans made to moderate-income borrowers is somewhat below the percentage of families in the AA. The performance is reasonable. The bank’s market share of refinance loans to low- and moderate-income borrowers is less than its overall market share in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels from January 1, 2017 through December 31, 2017.

<b>Table 3A - Borrower Distribution of Residential Real Estate Loans in the Salem County AA 2017</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.62	0.00	17.48	0.00	21.02	100.00	37.89	0.00
Home Improvement	23.62	16.67	17.48	33.33	21.01	16.67	37.89	33.33
Refinance	23.62	0.00	17.48	12.50	21.01	37.50	37.89	50.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 37.1% of loans originated and purchased by bank.

Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

## **Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels. FNBE's performance meets the standard for satisfactory performance.

### **Cumberland County AA 2015-2016**

The geographic distribution reflects reasonable dispersion throughout census tracts of different income levels and the bank's performance is satisfactory.

Opportunities for home loans in the AA are limited. Based on the 2010 Census, only 2.18 percent or 746 owner occupied units are located in low-income geographies. Only 11.72 percent or 4,015 owner occupied units are located in moderate-income geographies. The small number of owner occupied units limits opportunities to lend in these geographies. In addition, there are 193 mortgage lenders in the market, which further limits the bank's opportunity to lend.

#### *Home Purchase Loans 2016-2016*

The bank did not originate any home purchase loans in low-income geographies in this AA. Considering the limited opportunities, this performance is reasonable. The percentage of home purchase loans made in moderate-income geographies significantly exceeds the percentage of owner occupied units in these geographies. This performance is excellent. FNBE's market share of home purchase loans in both low- and moderate-income geographies is below their overall market share of home purchase loans.

#### *Home Improvement Loans 2015-2016*

The percentage of home improvement loans made in low-income geographies significantly exceeds the percentage of owner occupied housing units in these geographies. This performance is excellent. The percentage of home improvement loans made in moderate-income geographies significantly exceeds the percentage of owner occupied housing units in these geographies. This performance is also excellent. FNBE does not have any market share for home improvement loans in the AA.

#### *Home Refinance Loans 2015-2016*

The percentage of home refinance loans made in low-income geographies exceeds the percentage of owner occupied housing units in these geographies. This performance is excellent. The percentage of refinance loans made in moderate-income geographies also significantly exceeds the percentage of owner occupied housing units in these geographies. This performance is excellent. FNBE's market share of home refinance loans in both low- and moderate-income geographies is below their overall market share of home refinance loans.

The following table details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level from January 1, 2015 through December 31, 2016.

Table 4 - Geographic Distribution of Residential Real Estate Loans in the Cumberland County AA 2015-2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.18	0.00	11.72	0.00	61.87	100.00	24.23	0.00
Home Improvement	2.18	33.33	11.72	33.33	61.87	33.33	24.23	0.00
Refinance	2.18	7.69	11.72	30.77	61.87	46.15	24.23	15.14

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

### Cumberland AA 2017

The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels, and the bank’s performance is satisfactory.

Opportunities for home loans in the AA are limited. Based on the 2010 Census, there are only 2.15 percent or 718 owner occupied units in the AA located in low-income geographies. Only 7.65 percent or 2,555 owner occupied units are located in moderate-income geographies. The small number of owner occupied units limits lending opportunities in these geographies. As of 2016, there were 193 mortgage lenders in these areas, which also limits the bank’s opportunities to lend.

#### Home Purchase 2017

The bank did not originate any home purchase loans in low-or moderate-income geographies. Given the limited opportunity to lend, this performance is reasonable. FNBE’s market share of home purchase loans in both low- and moderate-income geographies is below their overall market share of home purchase loans.

*Home Improvement Loans 2017*

The bank did not originate any home purchase loans in low-or moderate-income geographies. Given the limited opportunity to lend, this performance is reasonable. FNBE does not have any market share for home improvement loans in the AA.

*Home Refinance Loans 2017*

The bank did not originate any home purchase loans in low-or moderate-income geographies. Given the limited opportunities to lend, this performance is reasonable. FNBE’s market share of home refinance loans in both low- and moderate-income geographies is below their overall market share of home refinance loans.

The following table details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level from January 1, 2017 through December 31, 2017.

<b>Table 4A - Geographic Distribution of Residential Real Estate Loans in the Cumberland County AA 2017</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.15	0.00	7.65	0.00	55.52	100.00	34.67	0.00
Home Improvement	2.15	0.00	7.65	0.00	55.52	50.00	34.67	50.00
Refinance	2.15	0.00	7.65	0.00	55.52	50.00	34.67	50.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Gloucester County AA 2015-2016**

The geographic distribution reflects reasonable dispersion throughout census tracts of different income levels. This performance is satisfactory. There are no low-income geographies in the AA. An analysis of the lending in low-income geographies was not performed because it would not be meaningful.

Opportunities to lend in moderate-income geographies is limited. Based on the 2010 Census, only 11 percent or 9,159 owner occupied units in the AA are located in moderate-income geographies. Our analysis also considers the loan competition within the AA. There are 329 mortgage lenders competing for loans within these areas. Strong competition further limits the bank’s ability to make new loans.

*Home Purchase Loans 2015-2016*

The bank made no home purchase loans to moderate-income geographies in this AA. Given the limited opportunities to lend, this performance is reasonable. FNBE’s market share of home purchase loans in moderate-income geographies is below their overall market share of home purchase loans.

*Home Improvement Loans 2015-2016*

The bank made no home improvement loans in moderate-income geographies in this AA. Given the limited opportunities to lend, this performance is reasonable. FNBE’s market share of home improvement loans in moderate-income geographies is below their overall market share of home improvement loans.

*Home Refinance Loans 2015-2016*

The percentage of refinance loans made in moderate-income geographies significantly exceeds the percentage of owner-occupied housing units in these geographies. This performance is excellent. FNBE’s market share of home refinance loans in moderate-income geographies significantly exceeds their overall market share of home refinance loans.

The following table details the bank’s performance as compared to the percentage of owner occupied housing units in each census tract income level from January 1, 2015 through December 31, 2016.

<b>Table 5 - Geographic Distribution of Residential Real Estate Loans in the Gloucester County AA 2015-2016</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	11.03	0.00	61.78	85.71	27.19	14.29
Home Improvement	0.00	0.00	11.03	0.00	61.78	83.33	27.19	16.67
Refinance	0.00	0.00	11.03	16.67	61.78	83.33	27.19	0.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

## **Gloucester County AA 2017**

The geographic distribution reflects reasonable dispersion throughout census tracts of different income levels. This performance is satisfactory. There are no low-income geographies in the AA. An analysis of lending in low-income geographies would not be meaningful, so it was not performed.

Opportunities to lend in moderate-income geographies is limited. Based on the 2010 Census, only 10.79 percent or 8,952 owner occupied units in the AA are located in moderate-income geographies. Our analysis also considers the loan competition within the AA. There are 316 lenders competing for loans within these areas. Strong competition further limits the bank's ability to make new loans.

### *Home Purchase Loans 2017*

FNBE did not originate any purchase loans in moderate income geographies in this AA. Given the limited opportunities to lend, this performance is reasonable. FNBE's market share of home purchase loans in moderate-income geographies is below their overall market share of home purchase loans.

### *Home Improvement Loans 2017*

The percentage of home improvement loans originated in moderate-income geographies significantly exceeds the percentage of owner occupied housing units in these geographies. This performance is excellent. FNBE's market share of home improvement loans in moderate-income geographies is below their overall market share of home improvement loans.

### *Home Refinance Loans 2017*

The percentage of home refinance loans originated in moderate-income geographies significantly exceeds the percentage of owner occupied housing units in moderate-income geographies. This performance is excellent. FNBE's market share of home refinance loans in moderate-income geographies significantly exceeds their overall market share of home refinance loans.

The following table details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level from January 1, 2017 through December 31, 2017.

<b>Table 5A - Geographic Distribution of Residential Real Estate Loans in the Gloucester County AA 2017</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	10.79	0.00	59.14	83.33	30.07	16.67
Home Improvement	0.00	0.00	10.79	20.00	59.14	60.00	30.07	20.00
Refinance	0.00	0.00	10.79	50.00	59.14	0.00	30.07	50.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

### **Salem County AA 2015-2016**

The geographic distribution reflects reasonable dispersion throughout census tracts of different income levels. Considering the performance context, FNBE’s performance is satisfactory.

Opportunities to lend in low- and moderate-income census tracts is limited. Based on the 2010 Census, only 5 percent or 932 owner occupied units are located in low-income census tracts. Only 10 percent or 1,906 owner occupied units in the AA are located in moderate-income geographies. Our analysis also considers the heavy loan competition within the AA. There are 174 mortgage lenders in the AA competing for these loans.

#### *Home Purchase 2015-2016*

The percentage of home purchase loans in low-income geographies significantly exceeds the percentage of owner occupied housing units in these geographies. This performance is excellent. The percentage of home purchase loans made in moderate-income geographies also significantly exceeds the percentage of owner occupied housing units in these geographies. This performance is excellent. FNBE’s market share of home purchase loans in both low- and moderate-income geographies is below their overall market share of home purchase loans.

*Home Improvement Loans 2015-2016*

The bank made no home improvement loans made in low- or moderate-income geographies. Given the limited opportunities to lend, this performance is reasonable. FNBE does not have any market share for home improvement loans in the AA.

*Home Refinance Loans 2015-2016*

The percentage of home refinance loans made to low-income geographies exceeds the percentage of owner-occupied housing units in these geographies. This performance is excellent. The bank made no home refinance loans in moderate-income geographies. Given the limited opportunities to lend, this performance is reasonable. FNBE’s market share of home refinance loans in low-income geographies significantly exceeds their overall market share of home refinance loans. FNBE’s market share of home refinance loans in moderate-income geographies is below their overall market share of home refinance loans.

The following table details the bank’s performance as compared to the percentage of owner occupied housing units in each census tract income level from January 1, 2015 through December 31, 2016.

<b>Table 6 - Geographic Distribution of Residential Real Estate Loans in the Salem County AA 2015-2016</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	5.00	25.00	10.22	25.00	69.64	50.00	15.14	0.00
Home Improvement	5.00	0.00	10.22	0.00	69.64	88.89	15.14	11.11
Refinance	5.00	20.00	10.22	0.00	69.64	50.00	15.14	30.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

## **Salem County AA 2017**

The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels. FNBE's performance is reasonable.

Opportunities to lend in low- and moderate-income census tracts are limited. Based on the 2010 Census, updated to 2017, only two percent or 361 owner occupied units are located in low-income census tracts. Only eight percent or 1,415 owner occupied units in the AA are located in moderate-income geographies. Competition for loans in these areas is strong. In 2016, there were 174 mortgage lenders competing in these areas.

### *Home Purchase 2017*

The bank did not originate any home purchase loans in low- or moderate-income geographies. Given the limited opportunities to lend, this performance is reasonable. FNBE's market share of home purchase loans in both low- and moderate-income geographies is below their overall market share of home purchase loans.

### *Home Improvement Loans 2017*

The bank did not originate any home improvement loans in low- or moderate-income geographies. Given the limited opportunities to lend, this performance is reasonable. FNBE does not have any market share for home improvement loans in the AA.

### *Home Refinance Loans 2017*

The bank did not originate any home refinance loans in low- or moderate-income geographies. Given the limited opportunities to lend, this performance is reasonable. FNBE does not have any market share for home improvement loans in the AA.

The following table details the bank’s performance as compared to the percentage of owner occupied housing units in each census tract income level from January 1, 2017 through December 31, 2017.

<b>Table 6A - Geographic Distribution of Residential Real Estate Loans in the Salem County AA 2017</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	2.05	0.00	8.02	0.00	77.36	100.00	12.57	0.00
Home Improvement	2.05	0.00	8.02	0.00	77.36	100.00	12.57	0.00
Refinance	2.05	0.00	8.02	0.00	77.36	100.00	12.57	0.00

\* Based on 2016 Peer Mortgage Data -- US and PR

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2015 ACS Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

## Response to Complaints

FNBE has not received any CRA complaints during this evaluation period.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/15 to 12/31/17)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Elmer (FNBE) Elmer, NJ	Home Mortgage Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>No Affiliates</i>	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Cumberland County AA	Full Scope Review	For the period from January 1, 2015 through December 31, 2016, the data from the 2010 U.S. Census was used in our analysis. For the period from January 1, 2017 through December 31, 2017, data from the 2010 U.S. Census was also used in our analysis but was modified to include 2017 Office of Management and Budget census updates.
Gloucester County AA	Full Scope Review	For the period from January 1, 2015 through December 31, 2016, the data from the 2010 U.S. Census was used in our analysis. For the period from January 1, 2017 through December 31, 2017, data from the 2010 U.S. Census was also used in our analysis but was modified to include 2017 Office of Management and Budget census updates.
Salem County AA	Full Scope Review	For the period from January 1, 2015 through December 31, 2016, the data from the 2010 U.S. Census was used in our analysis. For the period from January 1, 2017 through December 31, 2017, data from the 2010 U.S. Census was also used in our analysis but was modified to include 2017 Office of Management and Budget census updates.

## Appendix B: Community Profiles for Full-Scope Areas

### Description of Assessment Areas

FNBE has three assessment areas (AAs) located in southern New Jersey. The AAs are described below.

### Cumberland County AA 2015-2016

Demographic Information for Full Scope Area: Elmer – Cumberland County AA 2015 - 2016						
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	0.00
Business by Geography	6,733	9.86	14.04	57.86	18.18	0.06
Farms by Geography	282	1.06	7.09	59.93	31.91	0.00
Family Distribution by Income Level	35,210	23.94	15.80	19.90	40.36	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,993	8.35	24.36	55.16	12.12	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		60,642 54,400 14%	Median Housing Value Unemployment Rate (2016 Bureau of Labor Statistics)		170,134 6.5%	

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

Source: 2010 US Census and 2016 FFIEC updated MFI

The Cumberland County AA is part of the Vineland - Bridgeton MSA #47220 and is comprised of all 34 tracts in Cumberland County, New Jersey. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Of the 34 tracts, 12 percent are low-income geographies, 15 percent are moderate-income geographies, 47 percent are middle-income geographies, 18 percent are upper-income geographies, and eight percent have not been assigned an income classification.

The 2010 U.S. Census reported the total population of the AA at 156,898. Within the AA, there are 35,210 families and 50,825 households. There are 55,406 housing units in the AA, and the median housing cost is \$170,134. Sixty-two percent of the total housing units are owner occupied, 30 percent are renter occupied, and eight percent are vacant housing units. Approximately two percent of the owner occupied housing is located within a low-income geography, 12 percent is located in moderate-income geographies, 62 percent is located in middle-income geographies, and 24 percent is located in upper-income geographies.

The median family income was \$60,642 and the 2016 FFIEC adjusted median family income is \$54,400. Approximately 24 percent of families are low-income, 16 percent are moderate-income, 20 percent are middle-income, and 40 percent are upper-income. Approximately 14 percent of households are below the poverty level.

There is one full-service branch in this AA. The branch offers traditional banking products and services, including checking accounts, money market accounts, etc. The branch has extended hours on Fridays and hours on Saturdays. The branch has a drive-in teller facility as well as a 24 hour ATM and night depository.

According to the June 30, 2016 FDIC Summary of Deposit Market Share report, FNBE's deposit market share within this AA is 0.66 percent, making FNBE 12<sup>th</sup> out of 12 institutions in AA. FNBE's primary competitors are: OceanFirst Bank (five offices, 16.66 percent market share), Branch Banking and Trust Company (five offices, 14.67 percent market share), TD Bank, NA (five offices, 14.48 percent market share), Newfield National Bank (four offices, 9.42 percent), and Century Savings Bank (three offices, 9.32 percent market share).

According to 2016 Peer Mortgage Data, FNBE had a 0.19 percent loan market share, and ranked 93<sup>rd</sup> among 193 lending institutions in the AA. FNBE's major competitors for mortgage lending in the AA are Finance of America Mortgage, ranked 1<sup>st</sup> with a 13.8 percent market share; Wells Fargo, NA ranked 2<sup>nd</sup> with a 7.03 percent market share; and Gateway Mortgage Group ranked 3<sup>rd</sup> with a 5.77 percent market share.

The local economy is stable. The major employment sectors in Cumberland County are healthcare and social assistance, retail trade, manufacturing, educational services, public administration. The major employers are Inspira Health Network, Durand Glass Manufacturing Co., Walmart, Shoprite, and F&S Produce.

According to the December 2016 U. S. Bureau of Labor Statistics data, the unemployment rate for Cumberland County is 6.5 percent. The New Jersey unemployment rate is 4.2 percent and the national unemployment rate is 4.5 percent.

**Cumberland County AA 2017**

Demographic Information for Full Scope Area: Elmer -- Cumberland AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	35	5.71	17.14	42.86	22.86	11.43
Population by Geography	157,035	7.77	13.11	47.77	26.43	4.93
Owner-Occupied Housing by Geography	33,402	2.15	7.65	55.52	34.67	0.00
Business by Geography	6,733	4.84	17.18	50.96	26.96	0.06
Farms by Geography	282	0.00	4.26	46.81	48.94	0.00
Family Distribution by Income Level	35,059	21.20	17.56	19.46	41.78	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,589	10.31	18.82	51.98	18.89	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		57,550 54,200 16%	Median Housing Value Unemployment Rate (2017 Bureau of Labor Statistics)	155,671 6.6%		

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

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Cumberland County AA is part of the Vineland - Bridgeton MSA #47220 and is comprised of all 35 tracts in Cumberland County in the state of New Jersey. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Of the 35 tracts, six percent are low-income geographies, 17 percent are moderate-income geographies, 43 percent are middle-income geographies, 23 percent are upper-income geographies, and 11 percent have not been assigned an income classification.

The 2015 ACS U.S. Census, effective in 2017, reported the total population of the AA at 157,035. Within the AA, there are 35,059 families and 50,368 households. There are 56,216 housing units and the median housing cost is \$155,671. Sixty percent of the housing units are owner occupied, 30 percent are rental occupied, and 10 percent are vacant housing units. Approximately two percent of the owner occupied housing is located within low-income geographies, eight percent are located in moderate-income geographies, 56 percent are located in middle-income geographies, and 34 percent are located in upper-income geographies.

The 2017 median family income was \$57,550 and the 2017 FFIEC adjusted median family income is \$54,200. Approximately 21 percent of families are low-income, 18 percent are moderate-income, 20 percent are middle-income, and 41 percent are upper-income. Approximately 16 percent of households are below the poverty level.

There is one full-service branch in this AA. The range of services remains the similar to our 2015-2016 analysis.

According to the June 30, 2017 FDIC Summary of Deposit Market Share report, FNBE's deposit market share within this AA is 2.12 percent, ranking FNBE 12 out of 12 institutions in AA. FNBE's primary competitors are: OceanFirst Bank (four offices, 14.91 percent market share), TD Bank, NA (five offices, 14.54 percent market share), Branch Banking and Trust Company (five offices, 14.14 percent market share), Century Savings Bank (three offices, 9.95 percent market share), and Capital Bank of New Jersey (two offices, 9.94 percent market share).

The local economy continues to be stable. There are no changes to the major employment sectors or changes to the major employers in the AA since 2016.

According to the December 2017 U.S. Bureau of Labor Statistics data, the unemployment rate for Cumberland County is 6.6 percent. The New Jersey unemployment rate is 4.2 percent and the national unemployment rate is 3.9 percent.

### Gloucester County AA 2015-2016

Demographic Information for Full Scope Area: Elmer --Gloucester AA 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	63	0.00	14.29	61.90	23.81	0.00
Population by Geography	288,288	0.00	13.50	58.55	27.95	0.00
Owner-Occupied Housing by Geography	83,046	0.00	11.03	61.78	27.19	0.00
Business by Geography	14,430	0.00	12.25	55.39	32.36	0.00
Farms by Geography	516	0.00	6.01	58.33	35.66	0.00
Family Distribution by Income Level	74,505	18.15	17.38	23.88	40.59	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	26,474	0.00	17.99	65.94	16.07	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		83,092 84,200 8%		Median Housing Value Unemployment Rate (2016 Bureau of Labor Statistics)	240,593 4.2%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

The Gloucester County AA is part of the Camden MD #15804. This AA is comprised of all 63 tracts in Gloucester County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low or moderate-income areas. Of the 63 tracts, there are no low-income geographies, 14 percent are moderate-income geographies, 62 percent are middle-income geographies, and 24 percent are upper-income geographies.

The 2010 U.S. Census reported the total population of the AA at 288,288. Within the AA, there are 74,505 families and 102,632 households. There are 108,337 housing units, and the median housing cost is \$240,593. Seventy-seven percent of the total housing units are owner-occupied, 18 percent are renter occupied, and five percent are vacant housing units. There are no low-income geographies. Eleven percent of owner-occupied housing is located in moderate-income geographies, 62 percent is located in middle-income geographies, and 27 percent is located in upper-income geographies.

The median family income was \$83,092 and the 2016 FFIEC adjusted median family income is \$84,200. Approximately 18 percent of families are low-income, 17 percent are moderate-income, 24 percent are middle-income, and 41 percent are upper income. Approximately eight percent of households are below the poverty level.

There is one full-service branch in this AA. The branch offers full lines of traditional banking products and services. These products include residential mortgage, commercial and consumer loans. The branch offers checking, savings, and money market accounts in addition to commercial accounts. The bank has extended hours on Fridays and hours on Saturdays. The branch has a drive-in teller facility as well as a 24 hour ATM and night depository.

According to the June 30, 2016 FDIC Summary of Deposit Market Share report, FNBE's deposit market share within this AA is 0.73 percent, ranking FNBE 21 out of 23 institutions in AA. FNBE's primary competitors are: TD Bank, NA (11 offices, 26.22 percent market share), Fulton Bank of New Jersey (13 offices, 15.15 percent market share), Wells Fargo Bank, NA (seven offices, 8.57 percent market share), Parke Bank (two offices, 7.36 percent market share), and Investors Bank (four offices, six percent market share).

According to 2016 Peer Mortgage Data, FNBE had a 0.11 percent loan market share, and ranked 108<sup>th</sup> among 329 lending institutions within the AA. FNBE's major competition in the AA includes Wells Fargo, NA, ranked 1<sup>st</sup> with a 9.92 percent market share; Freedom Mortgage Corporation, ranked 2<sup>nd</sup> with a 6.34 percent market share; and Greentree Mortgage ranked 3<sup>rd</sup> with a 5.79 percent market share.

The economy is stable. The major employment sectors in Gloucester County are healthcare and social assistance, educational services and retail trade. The major employers are Inspira Health Network, Kennedy Health Alliance, Rowan University, Missa Bay LLC, US Foodservice.

According to the December 2016 U.S. Bureau of Labor Statistics data, the unemployment rate for Gloucester County is 4.2 percent. The New Jersey unemployment rate is 4.2 percent and the national unemployment rate is 4.5 percent.

**Gloucester County AA 2017**

Demographic Information for Full Scope Area: Elmer --Gloucester AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	63	0.00	12.70	61.90	25.40	0.00
Population by Geography	290,298	0.00	12.61	56.37	31.01	0.00
Owner-Occupied Housing by Geography	82,968	0.00	10.79	59.14	30.07	0.00
Business by Geography	14,430	0.00	11.43	56.25	32.32	0.00
Farms by Geography	516	0.00	7.95	55.04	37.02	0.00
Family Distribution by Income Level	75,337	18.15	16.96	22.17	42.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	26,451	0.00	19.04	61.52	19.44	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level	87,133 91,500 8%		Median Housing Value Unemployment Rate (2017 Bureau of Labor Statistics)		217,000 4.1%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2015 ACS US Census and 2017 FFIEC updated MFI

Gloucester County AA is part of The Camden MD #15804. This AA consists of all 63 tracts in Gloucester County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low or moderate-income areas. The income designations changed in 2017. One moderate-income tract moved to middle-income and one middle-income tract moved to upper-income. As a result, 13 percent are now moderate income tracts, 62 percent are middle-income, and 25 percent are upper-income tracts.

The 2015 ACS U.S. Census reported the total population of the AA at 290,298. Within the AA, there are 75,337 families and 104,268 households. There are 111,445 housing units, and the median housing cost is \$217,000. Seventy-five percent of the total housing units are owner occupied, 19 percent are renter occupied, and six percent are vacant. No owner occupied housing is located within a low-income geography, 11 percent is located in moderate-income geographies, 59 percent is located in middle-income geographies, and 30 percent is located in upper-income geographies.

The median family income was \$87,133 and the 2017 FFIEC adjusted median family income is \$91,500. Approximately 18 percent of families are low-income, 17 percent are moderate-income, 22 percent are middle-income, and 43 percent are upper-income. Approximately eight percent of households are below the poverty level.

There is one full-service branch in this AA. The range of offered services remains similar to those noted in the 2015-2016 analysis.

According to the June 30, 2017 FDIC Summary of Deposit Market Share report, FNBE's deposit market share within this AA is 0.7 percent, ranking FNBE 21 out of 23 institutions in AA. FNBE's primary competitors are: TD Bank, NA (11 offices, 27.37 percent market share), Fulton Bank of New Jersey (13 offices, 14.75 percent market share), Wells Fargo Bank, NA (seven offices, 8.33 percent market share), Parke Bank (two offices, 7.36 percent market share), and Newfield National Bank (seven offices, 5.82 percent market share.)

The economy continues to be stable. There have been no changes to the major employment sectors or major employers in the AA since 2016.

According to the 2017 U.S. Bureau of Labor Statistics data, the unemployment rate for Gloucester County is 4.1 percent. The New Jersey unemployment rate is 4.2 percent and the national unemployment rate is 3.9 percent.

### Salem County AA 2015-2016

Demographic Information for Full Scope Area: Elmer---Salem AA 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	24	12.50	16.67	62.50	8.33	0.00
Population by Geography	66,083	9.56	13.28	63.82	13.34	0.00
Owner-Occupied Housing by Geography	18,649	5.00	10.22	69.64	15.14	0.00
Business by Geography	2,944	7.07	11.38	67.09	14.47	0.00
Farms by Geography	306	0.65	3.27	81.05	15.03	0.00
Family Distribution by Income Level	17,268	21.81	19.30	23.18	35.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,098	15.22	18.33	56.97	9.48	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		76,834 80,000 10%	Median Housing Value Unemployment Rate (2016 Bureau of Labor Statistics)		192,955 5.5%	

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

Source: 2010 US Census

The Salem County, AA is part of the Wilmington, Delaware, Maryland, New Jersey MD #48864. This AA consists of all 24 tracts in Salem County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Of the 24 tracts, 13 percent are in a low-income geography, 17 percent are moderate-income geographies, 62 percent are middle-income geographies, and eight percent are upper-income geographies.

The 2010 U.S. Census reported the total population of the AA at 66,083. Within the AA, there are 17,268 families and 25,117 households. There are 27,293 housing units, and the median housing cost is \$192,955. Sixty-eight percent of the total housing units are owner-occupied, 24 percent are renter occupied, and eight percent are vacant housing units. Five percent of owner occupied housing is located within a low-income geography, 10 percent is located in moderate-income geographies, 70 percent is located in middle-income geographies, and 15 percent is located in upper-income geographies.

The median family income was \$76,834 and the 2016 FFIEC adjusted median family income is \$80,000. Approximately 22 percent of families are low-income, 19 percent are moderate-income, 23 percent are middle-income, and 36 percent are upper-income. Approximately ten percent of households are below the poverty level.

There are four full-service branches in this AA, all located in middle-income geographies. The branches offer full lines of traditional banking products and services, and have extended hours on Fridays and hours on Saturdays. The branch has a drive-in teller facility as well as a 24 hour ATM and night depository.

According to the June 30, 2016 FDIC Summary of Deposit Market Share report, FNBE's deposit market share within this AA is 16.58 percent, making FNBE 3<sup>rd</sup> out of seven institutions in AA. FNBE's primary competitors are Fulton Bank of New Jersey (six offices, 27.53 percent market share), Pennsville National Bank (five offices, 19.33 percent market share), Franklin Bank (three offices, 14.29 percent market share), and Harvest Community Bank (four offices, 13.21 percent market share).

According to 2016 Peer Mortgage Data, FNBE had a 0.51 percent loan market share, and ranked 41<sup>st</sup> among 174 lending institutions within the AA. Among FNBE's major competition in the AA was Wells Fargo, NA ranked 1<sup>st</sup> with an 8.67 percent market share; Freedom Mortgage Corporation and Quicken Loans tied at 2<sup>nd</sup> with a 5.27 percent market share.

The economy is stable. The major employment sectors in Salem County are healthcare and social assistance, manufacturing and educational services. The major employers are PSEG, E.I. DuPont, Mannington Mills, Inc., and Memorial Hospital Salem County.

According to the December 2016 U.S. Bureau of Labor Statistics data, the unemployment rate for Salem County is 5.5 percent. The New Jersey unemployment rate is 4.2 percent and the national unemployment rate is 4.5 percent.

**Salem County AA 2017**

Demographic Information for Full Scope Area: Elmer---Salem AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	25	8.00	16.00	64.00	8.00	4.00
Population by Geography	65,120	7.85	12.00	68.34	11.80	0.00
Owner-Occupied Housing by Geography	17,638	2.05	8.02	77.36	12.57	0.00
Business by Geography	2,944	4.65	10.94	67.76	16.64	0.00
Farms by Geography	306	0.00	2.29	84.31	13.40	0.00
Family Distribution by Income Level	16,680	23.62	17.48	21.01	37.89	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	6,855	11.58	16.83	64.10	7.48	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		80,707 81,400 12%	Median Housing Value Unemployment Rate (2017 Bureau of Labor Statistics)		181,766 5.6%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2015 ACS US Census updates

The Salem County AA, is part of the Wilmington, Delaware, Maryland, New Jersey MD #48864. This AA consists of all 25 tracts in Salem County. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. In 2017, the number of census tracts increased to 25. One low-income tract was moved to moderate-income, one moderate-income tract moved to middle-income and one tract was not given an income designation. Of the 25 tracts, eight percent are low-income geographies, 16 percent are moderate-income geographies, 64 percent are middle-income geographies, eight percent are upper-income geographies, and four percent have not been assigned an income classification.

The 2015 ACS U.S. Census reported the total population of the AA at 65,120. Within the AA, there are 16,680 families and 24,347 households. There are 27,619 housing units, and the median housing cost is \$181,766. Sixty-four percent of the total housing units are owner occupied, 24 percent are renter occupied, and 12 percent are vacant. Two percent of owner occupied housing is located within a low-income geography, eight percent is located in moderate-income geographies, 77 percent is located in middle-income geographies, and 13 percent is located in upper-income geographies.

The median family income was \$80,707 and the 2017 FFIEC adjusted median family income is \$81,400. Approximately 12 percent of families are low-income, seven percent are moderate-income, 64 percent are middle-income, and eight percent are upper-income. Approximately 12 percent of households are below the poverty level.

There are four full-service branches located in this AA. The range of services offered is similar to those noted in the 2015–2016 analysis.

According to the June 30, 2017 FDIC Summary of Deposit Market Share report, FNBE's deposit market share within this AA is 18 percent, ranking FNBE 3<sup>rd</sup> out of 7 institutions in AA. FNBE's primary competitors are Fulton Bank of New Jersey (six offices, 29.42 percent market share), Pennsville National Bank (five offices, 19.88 percent market share), Franklin Bank (three offices, 14.03 percent market share) and First-Citizens Bank and Trust Company (four offices, 9.14 percent market share).

The economy remains stable. There have been no changes to the major employment sectors or major employers since 2016.

According to the December 2016 U.S. Bureau of Labor Statistics data, the unemployment rate for Salem County is 5.6 percent. The New Jersey unemployment rate is 4.2 percent and the national unemployment rate is 3.9 percent.

During the examination, we contacted one community organization. The organization's primary purpose is to promote local businesses through education, communication, cooperation and commerce. From this community contact, we learned that there are opportunities to participate in community development programs that make loans to small and minority-owned businesses. In addition, we learned the primary needs of the area continue to be mortgages and commercial lending. The community contact indicated the local financial institutions are active in the community and have been helping meet the needs of the community. The community contact specifically noted FNBE as an active participant in community.