



PUBLIC DISCLOSURE

February 10, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

DNB First, National Association
Charter Number 661

4 Brandywine Avenue, Downingtown, PA 19335

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.

The Institution is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The loan-to-deposit ratio is reasonable.
- The distribution of loans represents reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographical distribution of loans reflects a reasonable dispersion throughout the assessment area.
- A majority of primary loan products were originated within the bank's assessment area.
- The responsiveness to community development needs and opportunities in its assessment area is excellent.

Scope of Examination

DNB First, National Association (DNB) was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services.

The lending test for DNB covers its performance from January 1, 2012 through December 31, 2013. The evaluation period for the CD test is from February 11, 2011 through February 10, 2014. CD loans, investments, and services submitted by management were verified to ensure that they met the regulatory definition for community development.

DNB's primary loan products are home mortgage loans and small business loans. The home mortgage loan analysis is based upon the bank's Home Mortgage Disclosure Act-Loan Application Registers (HMDA-LAR). The HMDA-LAR data was tested prior to this review and was found to be reliable for the purposes of our analysis. The small business loan analysis is based upon the bank's Community Reinvestment Act (CRA)-LAR. The CRA-LAR data was also tested prior to this review and found to be reliable for the purposes of this analysis. Therefore, we used both the HMDA data and the CRA data to evaluate the bank's home mortgage loan and small business loan performance.

Description of Institution

DNB has total assets of \$661 million and is a locally owned community bank headquartered in Downingtown, Pennsylvania. The bank is a full service, intrastate institution offering a standard array of traditional loan and deposit products as well as trust services. The bank's website at www.dnbfirst.com provides a listing and description of all deposit, loan, and trust services. DNB is a wholly owned subsidiary of DNB Financial Corporation, a one-bank holding company. The bank has two subsidiaries, DNB Financial Services, Inc. and DNB Acquisitions, Inc. DNB Financial Services, Inc. offers non-depository products and services, such as securities brokerage, mutual funds, life insurance, and annuities. DNB Acquisitions, Inc. owns, manages, and sells other real estate owned parcels. Subsidiary activities are not considered in this evaluation and do not impact the bank's capacity for community reinvestment. There have been no significant changes to DNB's corporate structure, including merger and acquisition activities, since the last CRA evaluation.

DNB has a single AA, which services the entirety of Chester and Delaware Counties. At the prior evaluation period, the AA serviced all of Chester County and only the northwestern portion of Delaware County.

Branch locations, hours, accessibility, and services fully support the needs of the community in which DNB operates. The bank operates 13 branches, which include 12 full service branches and one limited service branch. At the prior evaluation period, the bank also operated 13 branches; however, only 11 were full service. During the current evaluation period, the bank closed one limited service branch in the Tal Hai Retirement Center (February 2012) and opened a new full service branch in Boothwyn, Pennsylvania (June 2012). Both branches are in middle-income tracts. DNB operates 10 full service branches in Chester County. Five are in upper-income census tracts, four are in middle-income tracts, and one is in a moderate-income tract. Of the three branches the bank operates in Delaware County, one is in an upper-income census tract, one in a middle-income tract, and the limited service branch is in a moderate-income tract.

Extended hours are available at all of the full service branches. All full service branches also offer Saturday hours with the exception of the Downingtown Main Office and the downtown West Chester Office. The Exton Branch also offers Sunday afternoon hours. All branches operate either drive-up or walk-up automated teller machines (ATMs). Eleven branches offer night deposit drops, nine offer safe deposit services, and four offer customer coin-counting machines.

The bank offers a full range of deposit and loan products and services. Residential mortgage, small business lending, and Small Business Administration (SBA) lending are DNB's primary loan products. Deposit products and services include free personal and business checking accounts as well as free internet banking and bill pay.

As of December 31, 2013, DNB reported total loans of \$410.7 million and had a total loan to total asset ratio of 62.7%. The following table provides more detail.

Loan Portfolio Summary by Loan Product			
December 31, 2013			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Secured by Mortgages on 1-4 Family	\$92,926	22.6%	14.04%
Commercial Real Estate	\$182,474	44.4%	27.6%
Construction and Land Development	\$22,483	5.5%	3.4%
Commercial & Industrial Loans	\$59,609	14.5%	9.7%
Consumer Loans	\$7,456	1.8%	1.1%
Other Loans	\$45,783	11.2%	6.9%
Total	\$410,731	100%	62.7%

Source: FFIEC Call Report Dec. 31, 2013

Since the previous CRA evaluation, DNB’s total assets increased from \$602.6 million (as reported on December 31, 2010) to \$661.5 million (as reported on December 31, 2013), an increase of approximately 9.8%.

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated “Satisfactory” at the last CRA evaluation dated February 11, 2011 using Intermediate Small Bank procedures.

Description of Assessment Area

DNB has a single AA, which consists of the entire counties of Chester and Delaware in the Philadelphia, Pennsylvania.

DNB’s Assessment Area

DNB’s current Chester County and Delaware County AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

There are 260 census tracts within DNB’s AA, of which 16 tracts, or 6.15%, are low-income tracts, and 37 tracts, or 14.23% are moderate-income tracts. Household demographics based upon the 2010 Census show that 16.16% of all families in the AA are low-income, and 14.58% are moderate-income. Households below the poverty level are 7.59%. Upper income families are 50.07% of all families and support a median housing value of \$290 thousand. Low- and moderate-income families living in middle- and upper-income tracts is 68%, while 32% of low- and moderate-income families live in low- and moderate-income tracts. The AA has 288 thousand owner-occupied housing units. Only 2.65% are in low-income tracts, and only 8.43% are in moderate-income tracts. The percentage of housing units which are rented is 24.20%, and 5.86% are vacant and available for rent. The median rent in the AA is \$1,004 per month. The median age of housing stock is 44 years, and 87.89% of the housing stock

is valued at \$150 thousand or greater. The table below provides a summary of demographic information for the AA.

Demographic Information for DNB's Chester County and Delaware County AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	260	6.15	14.23	32.31	46.54
Population by Geography	1,057,865	5.24	11.20	31.15	52.10
Owner-Occupied Housing by Geography	288,041	2.65	8.43	32.33	56.59
Businesses by Geography	103,146	3.02	9.47	25.58	61.91
Farms by Geography	2,662	0.98	6.72	32.23	60.07
Family Distribution by Income Level	266,886	16.16	14.58	19.19	50.07
Distribution of Low and Moderate Income Families	82,042	11.26	20.97	36.29	31.49
Median Family Income		74,808	Median Housing Value		290,052
HUD Adjusted Median Family Income for 2013		76,400	Households Below the Poverty Level		8%
			Unemployment Rate		5.95

Source: 2010 US Census & 2013 HUD updated MFI

The economy of DNB's AA is similar to the economy of the locally defined Delaware Valley. This economic area consists of Philadelphia-Reading-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area, and is the sixth-largest metropolitan area in the United States. Based upon the January 2014 Beige Book issued by the Federal Reserve Bank, aggregate business activity is optimistic, anticipatory, and continues to rise at a modest pace. Moderate growth is expected in the future.

Auto sales had a robust year in 2013, with many replacement sales from hurricane and flood damaged autos. However, year-end sales were softer. Retail sales showed modest increases. The number of reported sales was lower than prior years; however, the average price per sale was higher in 2013. Most items consumed were household goods and warmer winter type clothing. Home sales slowed more than anticipated, yet commercial real estate leasing showed moderate expansion. Residential and commercial real estate construction showed only slight expansion. Land sales are challenging. The general services sector continues moderate growth, with very strong increases in transportation services. Loan volumes continued to grow at a modest pace across most categories, and credit quality continued to improve. There is little change to the slight overall increases in wages, home prices, and general price levels during the evaluation period. Manufacturing continues to increase orders; however, decreased orders came from the paper, chemical, and electronic manufacturing group.

Business owners continue to express confidence in the underlying economy. Confidence was bolstered for some as the climate for a less volatile Federal fiscal policy seemed to improve. In regard to hiring and capital expenditure plans, firms continued to expand cautiously and will do so until the pace of growth strengthens and exhibits sustainability. In addition, firms face ongoing uncertainty from implementation of the Affordable Care Act.

The largest private employers in Delaware County are Boeing Corp, Jefferson Health Systems, and Crozer Healthcare. Other industries that provide major sources of jobs are the healthcare industry, county governments, public and private education, insurance and finance, retail and convenience stores, and transportation.

The largest private employers in Chester County are Vanguard, QVC Network, and Siemens Medical Solutions, Inc. Other industries that provide major sources of jobs are the Federal government, county governments, healthcare industry, and public and private education.

Based upon information from the Bureau of Labor Statistics, the unemployment rate (not seasonally adjusted) as of November 2013 for Chester County was 5.3% and compared favorably with the national unemployment rate of 6.6%. The unemployment rate for Delaware County was 6.8% and higher than the national rate. The Commonwealth of Pennsylvania reached its highest rate of unemployment of 8.7% in March 2010, and as of December 2013 was 6.9%. The average weekly salary in Delaware County is \$1,057, and in Chester County is \$1,246.

DNB operates in an intensely competitive market. Competition comes from large nationwide and regional institutions, mortgage companies, savings banks, credit unions, captive finance companies, and large credit card companies capturing the small business market. The three largest competitors for deposits are Wells Fargo, TD Bank, and Citizens Bank, who have a combined market share of 44% among 45 deposit institutions. DNB has a deposit market share of 2.49%. The three largest competitors for mortgage loans are Wells Fargo, JPMorgan Chase, and Trident Mortgage, who have a combined market share of 35% among 570 mortgage granting institutions. DNB has a mortgage market share of 0.21%. The three largest competitors for small business loans are American Express, Wells Fargo, and PNC, who have a combined market share of 46% among 98 small business lenders. DNB has a small business loan market share of 0.25%.

In assessing the bank's CD performance, we contacted a local economic development organization. The contact indicated there was a strong need for funding small business capital needs for new entrepreneurial efforts and existing small business growth. New small businesses and existing small business growth are primary job generators. In one of the counties within DNB's AA, the five-year community development program places more dollars budgeted for infrastructure repair in revitalization areas than in erecting new low- or moderate-income housing units. There are vacancies in investor-owned low- and moderate-income housing units.

Conclusions with Respect to Performance Tests

LENDING TEST

DNB's performance under the lending test is **Satisfactory**, and generally meets the standards for a satisfactory rating for the lending test. The loan-to-deposit ratio is reasonable. A majority of DNB's primary loan products are within DNB's AA. DNB has reasonable penetration among borrowers of different income levels and businesses of different sizes. DNB's geographical dispersion of loans was reasonable, taking into account the AA contains a small percentage of low-income tracts.

All criteria for the lending test are documented below.

Loan-to-Deposit Ratio

DNB's net loan-to-deposit ratio is reasonable given the bank's size and financial condition, the AA's credit needs, and intense competition for loans within the bank's marketplace. The bank's net loan-to-deposit ratio averaged 76.5% over the last 12 quarters since the previous CRA evaluation. This ratio ranged from a quarterly low of 68.1% to a quarterly high of 81.2% during the time period.

According to the September 30, 2013 FDIC Reports on Net Loans and Leases to Deposits, the bank compares favorably with other financial institutions of similar size, location, and product offerings. The average net loan-to-deposit ratio for the nationwide peer over the same 12 quarters was 73.7%. The peer ratio ranged from a quarterly low of 71.9% to a quarterly high of 77.2% during the time period.

Lending in Assessment Area

A majority of DNB's home loans and small business loans, the bank's primary products, were made within the bank's AA. The number of loans made within the AA was 76.88% of all loans originated and purchased. The dollar amount of loans made within the AA was 68.76% of all loans originated and purchased. The following table provides detail.

Lending in DNB's AA										
Loan Type	Number of Loans					Dollars of Loans (000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	31	56.36	24	43.64	55	\$5,749	41.45	\$8,120	58.55	\$13,869
Home Refinance	210	87.14	31	12.86	241	\$53,056	78.83	\$14,249	21.17	\$67,305
Home Improvement	85	72.03	33	27.97	118	\$3,990	43.90	\$5,098	56.10	\$9,088
Business	83	70.34	35	29.66	118	\$25,567	66.84	\$12,685	33.16	\$38,252
Totals	409	76.88	123	23.12	532	\$88,362	68.76	\$40,152	31.24	\$128,514

Source: HMDA-LARS/CRA-LARS 2012 and 2013

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans for the bank’s AA reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Loans

The percent of bank home purchase loans originated to low-income borrowers within the AA is near to the percentage of low-income families within the AA. The percent of bank home purchase loans originated to moderate-income borrowers within the AA is poor.

The percent of bank home improvement loans originated to low-income borrowers within the AA is poor. The percent of bank home improvement loans originated to moderate-income borrowers exceeds the percentage of moderate-income families within the AA.

The percent of bank home refinance loans originated to low-income borrowers is poor. The percent of bank home refinance loans originated to moderate-income borrowers exceeds the number of moderate-income families within the AA.

Lending opportunities for home loans to low-income borrowers is limited within the bank’s AA. The median housing value of \$290 thousand severely limits the ability for low-income families to purchase or own homes. The median family income is \$76,400, which means a low-income family earns less than \$38,200. Affording home acquisition and ownership of a median housing value of \$290 thousand would be extremely difficult on an income of \$38 thousand or less.

The following table shows the distribution of DNB’s home loan originations and purchases among borrowers of different income levels for the period beginning January 1, 2012 through December 31, 2013 as compared to the percent of families in each income category.

Borrower Distribution of DNB home loans originated and purchased within AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA* Families	% of** Number of Loans						
Home Purchase	16.16	14.29	14.58	7.14	19.19	35.71	50.07	42.86
Home Improvement	16.16	7.69	14.58	25.64	19.19	17.95	50.07	48.72
Home Refinance	16.16	5.15	14.58	15.44	19.19	29.41	50.07	50.00

Source: * Percentage of families is based on 2010 census information.

** Percentage of purchased and originated loans made within the AA as a percentage of all home loans originated and purchased within the AA.

Business Loans

DNB's performance in granting loans to small businesses of different sizes meets the standard for satisfactory performance. The distribution of small business loans reflects reasonable penetration among businesses of different sizes when considering the high level of competition for business lending. During the evaluation period, 50.60% of bank loans originated or purchased were to small businesses with gross annual revenues of \$1 million dollars or less. This ratio is reasonable considering demographic data indicates 72.57% of the area's businesses are small businesses. Another indication the bank is lending to small businesses is the size of the loans. Fifty-two percent of the business loans made by DNB during the evaluation period were to businesses with incomes less than \$250 thousand.

Competition for small business loans in this AA is highly competitive. American Express, Wells Fargo, PNC, JP Morgan Chase, and Capital One own a 57.5% market share among 93 financial institutions granting small loans within the AA. In 2012 this group originated \$302 million of small business loans. American Express alone has a 31.72% market share, and through their small business credit card programs generated \$45 million of small business loans. DNB struggles to maintain a 0.25% market share of this business.

Geographic Distribution of Loans

The geographic distribution of home loans and small business loans reflects a reasonable dispersion throughout the bank's AA.

Home Loans

The percent of bank home purchase loans originated and purchased in both low- and moderate-income census tracts exceeds the percentage of owner occupied homes within those tracts.

The bank did not originate or purchase any home improvement loans in low-income census tracts. The percent of bank home improvement loans in moderate-income tracts is somewhat lower than the percent of owner occupied homes within the moderate-income tracts.

The percent of home refinance loans originated and purchased in low-income tracts is near the percentage of owner occupied homes within those tracts. The percent of home refinance loans originated and purchased in moderate-income tracts is somewhat lower than the percentage of owner occupied homes within those tracts.

Adverse demographic information results in limited lending opportunities to grant home loans in low-income census tracts.

- Only 2.7% of all owner-occupied units are in the low-income census tracts.

- Most families in low-income census tracts are renters, where rental units are 151% more than owner-occupied units.
- Intense competition from nationwide banks results in a very small market share for DNB and limited lending opportunities.

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

Geographic Distribution of Residential Real Estate Loans in DNB’s AA								
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	2.65	5.88	8.43	11.76	32.33	35.29	56.59	47.06
Home Improvement	2.65	0.00	8.43	4.88	32.33	36.59	56.59	58.54
Home Refinance	2.65	2.05	8.43	5.48	32.33	33.56	56.89	58.90

Source: HMDA data for 1/1/2012 - 12/31/2013 and 2010 U.S. Census data

Business Loans

DNB’s geographic distribution of loans to small businesses exceeds the standard for satisfactory performance. The bank’s geographic distribution of business loans reflects more than reasonable dispersion throughout the low- and moderate-income census tracts.

The percent of small business loans originated and purchased in low-income geographies significantly exceeds the percentage of businesses within those tracts. The percent of small business loans originated and purchased in moderate-income geographies exceeds the percentage of businesses within those tracts.

The following table details DNB’s performance as compared to the percentage of businesses in each income-level census tract.

Geographic Distribution of Loans to Businesses in DNB’s AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	3.02	7.23	9.47	9.64	25.58	30.12	61.91	53.01

Source: CRA-LARS 1/1/2012 to 12/31/2013 and 2010 U.S. Census data.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated **Outstanding**. The bank's level of CD responsiveness to CD needs of the AA through CD lending, investments, and services is excellent.

In keeping with its performance context of funding small business growth, DNB granted seven SBA loans for a total of \$13.1 million to small businesses during the evaluation period. Two of the loans were SBA 504 Certified Development Company (CDC) loans. The SBA loans are not included in the small business lending test. After sale of the guaranteed portion, the bank retained principal balance of these loans is \$4.6 million. All of the loans funded the expansion of existing businesses, thus fostering economic growth and new jobs within the AA.

Number and Amount of Community Development Loans

Business loans greater than \$1 million, when made as part of the SBA's 504 CDC Program, qualify as CD loans.

- An SBA 504 loan was made to a printing firm that allowed relocation and expansion of a new facility, purchase of new machinery, and the hiring new employees. The loan amount was \$3.8 million, and the bank retains \$848 thousand after the sale of the guaranteed portion.
- An SBA 504 loan was made to a woman-owned precision milling and turning company. The loan funded business expansion and the hiring of new employees. The loan amount was \$2 million, and the bank retains \$245 thousand after the sale of the guaranteed portion.
- A \$115 thousand line of credit is renewed annually for a 501(c)(3) CDC organization that builds homes for low- and moderate-income families. The bank has renewed the loan three times during the evaluation period, for a total of \$345 thousand lent.

Number and Amount of Qualified Investments

During the evaluation period, DNB made qualifying donations in the amount of **\$648 thousand** to various schools under the Commonwealth of Pennsylvania Educational and Improvement Tax Credit Scholarship program (EITC), and its successor, the Opportunity Scholarship Tax Credit Program (OSTC). Under these programs, Pennsylvania corporations can received tax credits up to 90% of the donations, not to exceed \$750 thousand annually. In order to qualify for the tax credit, the donations must be given to schools in the form of scholarships. The school must certify the scholarships were given to children of low- and moderate-income families.

Also during the evaluation period, DNB made total donations of **\$100 thousand** to the Habitat for Humanity (HFH). HFH empowers low- and moderate-income families the ability of home ownership through “sweat equity” and innovative financing.

Another **\$21,700** of donations were made to organizations that provide community services to low- and moderate-income individuals such as youth programs, homeless centers, soup kitchens, and battered women’s centers. They include:

- \$11,000 to a Chester County food bank, which provides food to the needy and homeless.
- \$7,000 to a social service organization, which supports below poverty level individuals with clothing, food kitchen, and safe haven.
- \$500 to an organization, which provides support to low-income and vulnerable women to allow them to remain with their children.
- \$3,000 to a children’s advocacy group, which provides for care and protection of needy and at risk children.
- \$200 to a legal aid society, which provides quality legal representation to low-income and vulnerable individuals in Bucks, Chester, and Delaware Counties.

DNB did not purchase any qualifying CD securities during the evaluation period. The sale of CRA Investment securities are limited in the Chester-Delaware County AA and are extremely hard to come by given the fierce competition for such opportunities.

Extent to Which the Bank Provides Community Development Services

DNB provides convenient, accessible, and free or reasonably priced CD services to meet the financial needs of its AA with the following products and services:

- The bank operates two of its branches in moderate-income tracts.
- In order to provide accessibility all accounts may be opened by the customer online.
- The bank offers two free checking accounts. There is no minimum deposit amount, and free bill paying service is provided. One of the free checking accounts provides ATM fee refunds up to \$7.50 per month. The qualification is to have a direct deposit into this account. Overdraft protection is available if desired by the customer.
- A 50+ account provides free checking to seniors with free basic checks, a 50% discount off custom checks, and free travelers checks and money orders. Overdraft protection is available if desired by the customer, and discounted loan rates are provided.
- The bank offers a statement saving account with no minimum opening balance required. A minimum balance of \$150 or larger will waive the \$3 monthly fee.
- In addition to standard Individual Retirement Account (IRA) certificates of deposit, the bank offers an IRA Statement Savings with no minimum opening balance.

- Free online banking provides full accessibility and the following services:
 - ✓ Mobile remote deposit
 - ✓ PopMoney
 - ✓ Check a balance, transfer funds, pay bills, have access to PopMoney and receive account alerts by email.
- Telephone banking services are also available.
- The bank offers first time buyer home mortgage loans.
- The bank offers unsecured lines of credit.

During the evaluation period, six bank employees afforded technical assistance to qualified CD organizations, provided financial services training to staff and members, contributed accounting and bookkeeping expertise, and assisted in fundraising activities to the following:

- A senior executive is on the board of directors of a scholarship foundation that provides private and public school scholarships to children of low- and moderate-income families.
- A bank board member also is a board member for a local food bank, which provides food to the unemployed, homeless, and other underserved individuals and families.
- A bank officer is the president of a non-profit children's advocacy group that provides financial aid for families in crisis, and children under the age of 18 who are living in foster care.
- A senior executive is a board member of a local organization that provides services to residents of Delaware County, Pennsylvania, including emergency shelters, rent and utility assistance, and job assistance.
- A bank officer is an executive of a housing partnership that provides financial management/budget counseling, pre-purchase counseling, pre-purchase homebuyer education workshops, predatory lending education workshops, and rental housing counseling to low- and moderate-income individuals.
- An employee is a board member of a non-profit organization that provides a network of employment and financial training programs to help below poverty level individuals.

Responsiveness to Community Development Needs

DNB's CD activities, as a whole, demonstrate excellent responsiveness to the needs and opportunities in its AA. Identified needs include residential real estate loans to low- and moderate-income borrowers as well as funding small business lending. DNB met these needs by:

- Originating \$5.8 million in CD loans that are equal to 8.5% of bank Tier 1 capital.
- Granting \$770 thousand in grants and donations that benefit low- and moderate-income families that equal 1.1% of Tier-1 capital.

- Active involvement by six of DNB's employees and executives in providing technical assistance to CD organizations that benefit low- and moderate-income individuals and families.

Fair Lending or Other Illegal Credit Practices Review

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