



PUBLIC DISCLOSURE

March 9, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Northfield Bank
Charter Number: 718063

1731 Victory Boulevard
Staten Island, NY 10314

Office of the Comptroller of the Currency

340 Madison Avenue
5th Floor
New York, NY 10017-2613

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated Satisfactory.

The following table indicates the performance level of **Northfield Bank** (Northfield or “the bank”) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Northfield Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

*The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based on the bank’s overall good performance in the New York MMSA AA.
- The Investment Test rating is based on the bank’s adequate performance in the New York MMSA AA.
- The Service Test rating is based on the bank’s overall adequate performance in the New York MMSA AA.

Lending in Assessment Area

An adequate percentage of the bank’s loans are in in its assessment area (AA).

The bank originated and purchased 62.1 percent of its total loans inside the bank’s AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	813	53.8	698	46.2	1,511	380,968	23.3	1,252,616	76.7	1,633,584
Small Business	460	85.3	79	14.7	539	94,248	81.5	21,393	18.5	115,641
Total	1,273	62.1	777	37.9	2,050	475,216	27.2	1,274,009	72.8	1,749,225

Description of Institution

Northfield Bank is a federally chartered interstate savings bank headquartered in Staten Island, New York. The bank is owned by Northfield Bancorp, Inc. headquartered in Woodbridge, NJ. The bank operates 37 full-service branches in Staten Island and Brooklyn, New York and the New Jersey counties of Hunterdon, Mercer, Middlesex, and Union.

Northfield subsidiaries and affiliates include NSB Insurance Agency, Inc., NSB Services, Corp., NSB Realty Trust, and the Northfield Foundation. NSB Realty Trust is a real estate investment trust and a subsidiary of NSB Services Corp. The Northfield Foundation promotes charitable purposes within the bank's assessment area (AA), which are being considered in this evaluation.

On January 6, 2016, Northfield merged with Hopewell Valley Community Bank, which added all of Mercer County, NJ (Trenton-Princeton, NJ MSA) and 14 tracts in southern Hunterdon County, NJ to its AA. The bank's single AA consists of a portion of the New York-Newark NY-NJ-CT-PA Multistate Combined Statistical Area (MCSA).

Northfield offers a broad range of consumer and commercial lending products, including multifamily mortgages, home equity loans and lines of credits, and commercial loans. The bank generally does not originate one-to-four family residential mortgage loans. Northfield offers a variety of traditional deposit accounts for both consumer and commercial customers.

As of December 31, 2019, Northfield had total assets of \$5.1 billion, total loans of \$3.4 billion, total deposits of \$3.5 billion, and tier 1 capital of \$598.5 million. Table 1 that follows provides a summary of the loan portfolio.

Table 1. Loan Portfolio Summary by Loan Product – December 31, 2019

Loan Category	Amount (\$000's)	Percentage of Total Loans	Percentage of Total Assets
Secured by Mortgages on 1-4 Family	377,242	11.0	7.5
Commercial Real Estate	647,364	18.8	12.8
Construction and Land Development	40,829	1.2	0.8
Commercial & Industrial Loans	61,337	1.8	1.2
Multifamily	2,308,170	67.2	45.6
Other Consumer Loans	2,070	<1	<1
Total	\$3,437,012	100	67.9

Source: FFIEC Call Report

There are no legal, financial, or other impediments to Northfield's ability to help meet the credit needs within its communities.

Northfield received a “Satisfactory” rating at the prior CRA evaluation dated December 5, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assesses the bank’s CRA performance under the large retail bank Lending, Investment, and Service Tests. The evaluation period for home mortgage and small loans to businesses is January 1, 2016 to December 31, 2019. The evaluation period for CD loans, qualified investments, and retail and CD services is December 6, 2016 to December 31, 2019.

In evaluating the bank’s lending performance, the OCC reviewed home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses reported under the CRA. All home mortgage products were reviewed, and conclusions reached in the aggregate. The bank made no reportable farm loans during the evaluation period.

Under the Lending Test, for the geographic distribution and borrower income distribution criteria, we performed separate analyses of 2016 data and 2017 through 2019 data. This is due to changes instituted by the 2015 American Community Survey (ACS), which updated income, population, and housing information. The ACS also resulted in changes to the income designations of some geographies. The changes became effective January 1, 2017. In performing our analysis, greater emphasis was placed on the bank’s performance in the 2017 through 2019 period.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact of the coronavirus pandemic across the United States are not addressed in this evaluation. Bank qualifying activities will be considered in the subsequent evaluation.

Selection of Areas for Full-Scope Review

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

Ratings

The bank’s overall rating is a blend of the state ratings, and where applicable, multistate ratings. As the bank has only one AA, the bank’s rating is based on this AA rating.

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 Bureau of Consumer Financial Protection, as applicable.

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

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

Multistate Metropolitan Statistical Area Rating

New York-Newark Consolidated Multistate Statistical Area

CRA rating for the New York-Newark Consolidated MMSA¹: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending activity reflects good responsiveness to community credit needs.
- Geographic distribution and borrower income distribution of the bank's home mortgage and small loans to businesses loan originations and purchases is adequate.
- CD loans were highly effective in helping the bank address community credit needs. The bank originated a significant number and amount of these loans.
- Qualified investments were effective and responsive in helping the bank address community credit needs. The bank made an adequate number and amount of investments, grants and donations under its programs.
- The bank's branches and alternative delivery systems were effective and responsive in helping the bank provide services across the community.
- Community development services were effective and responsive in helping the bank address community needs. The bank conducted or supported a significant number of CD services, consistent with its capacity and expertise to conduct specific activities.

Description of Institution's Operations in the New York-Newark Consolidated Multistate Statistical Area (New York MMSA)

The bank has delineated one AA within the New York-Newark Consolidated MMSA (New York MMSA AA), including: Kings and Richmond counties in the New York-Jersey City-White Plains, NY-NJ Metropolitan Division (MD), Union and a portion of Hunterdon counties in the Newark, NJ-PA MD, Middlesex county in the New Brunswick-Lakewood, NJ, and the entire Trenton-Princeton, NJ MSA. The AA does not arbitrarily exclude any LMI geographies.

Demographic Data

The following tables provides a summary of the demographics that includes housing and business information for the New York MMSA AA.

¹ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Table A – Demographic Information of the Assessment Area						
Assessment Area: New York MCSA AA -2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,245	12.9	30.0	27.4	28.4	1.3
Population by Geography	4,753,137	13.5	30.6	25.1	30.7	0.1
Housing Units by Geography	1,821,888	12.8	30.3	26.1	30.8	0.0
Owner-Occupied Units by Geography	797,328	4.3	17.8	30.6	47.4	0.0
Occupied Rental Units by Geography	887,173	19.8	40.7	22.3	17.2	0.0
Vacant Units by Geography	137,387	17.3	35.7	24.1	22.9	0.0
Businesses by Geography	261,694	10.5	25.5	26.0	37.4	0.6
Farms by Geography	3,042	3.8	13.0	28.0	54.9	0.3
Family Distribution by Income Level	1,138,691	27.3	16.7	17.6	38.4	0.0
Household Distribution by Income Level	1,684,501	29.0	15.5	16.3	39.2	0.0
Median Family Income MSA - 35084 Newark, NJ-PA MD	\$90,123	Median Housing Value		\$478,870		
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ MD	\$68,006	Median Gross Rent		\$1,060		
Median Family Income MSA - 45940 Trenton, NJ MSA	\$88,694	Families Below Poverty Level		12.7%		
<i>Source: 2010 U.S. Census and 2016 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Table A – Demographic Information of the Assessment Area						
Assessment Area: New York MCSA AA – 2017-2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,245	12.0	27.4	32.4	26.7	1.4
Population by Geography	4,882,406	13.2	28.6	31.0	27.0	0.1
Housing Units by Geography	1,864,124	12.3	28.6	31.1	27.9	0.0
Owner-Occupied Units by Geography	782,114	4.0	17.9	36.8	41.2	0.0
Occupied Rental Units by Geography	938,962	18.8	36.7	26.7	17.7	0.0
Vacant Units by Geography	143,048	14.8	33.9	29.2	22.1	0.0
Businesses by Geography	342,803	9.9	23.7	32.2	33.7	0.4
Farms by Geography	3,908	5.0	14.4	31.9	48.4	0.2
Family Distribution by Income Level	1,152,039	28.1	15.7	17.1	39.1	0.0
Household Distribution by Income Level	1,721,076	29.4	14.7	15.9	40.0	0.0
Median Family Income MSA - 35084 Newark, NJ-PA	\$90,570	Median Housing Value		\$472,070		
Median Family Income MSA - 35154 New Brunswick-Lakewood, NJ	\$95,564	Median Gross Rent		\$1,236		
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ	\$67,560	Families Below Poverty Level		13.8%		
Median Family Income MSA - 45940 Trenton-Princeton, NJ MSA	\$94,908					
<i>Source: 2015 ACS Census and 2019 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

When looking at housing affordability, the New York MCSA has a very high cost of living that makes homeownership for most LMI persons difficult to obtain. The table below illustrates housing affordability calculations for Metropolitan Divisions (MDs) and MSA included in the bank's AA. The monthly mortgage payment calculations assume a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowner's insurance, real estate taxes, or any additional monthly expenses. The maximum low-income and maximum moderate-income annual income calculations are based on 50 percent and 80 percent of the 2019 FFIEC adjusted median family income in each MD or MSA, respectively. As the table illustrates, low-income borrowers would be challenged to qualify for a mortgage loan in any of the listed areas. Moderate-income borrowers would be challenged to afford a mortgage at the median home sales price in the New York MD and Newark MD.

MD/MSA Name	2019 Updated MFI	Maximum Low-Income Annual Income	Maximum Affordable Mortgage Amount	Maximum Monthly Mortgage Payment	Maximum Moderate-Income Annual Income	Maximum Affordable Mortgage Amount	Maximum Monthly Mortgage Payment	2019 Median Home Sales Price*	Mortgage Payment Based on Sales Price
New York MD	79,300	39,650	184,652	991	63,440	295,443	1,586	386,500	2,075
Newark MD	98,600	49,300	229,592	1,233	78,880	367,347	1,972	397,100	2,132
Trenton MSA	105,800	52,900	246,357	1,323	84,640	394,172	2,116	376,300	2,020
New Brunswick MD	108,100	54,050	251,713	1,351	86,480	402,741	2,162	367,009**	1,970

*Source – National Association of Realtors 2019 median home sales price of existing single-family homes for Metropolitan Areas.

**Source – National Association of Realtors 2019 estimated home value for Middlesex County, NJ.

Economic

Based on data from the November 2019 Moody's Analytics report, the economy of the New York/New Jersey area has slowed. Payrolls have flattened since the beginning of the year and the falling unemployment rate reflects a shrinking labor force. In December 2019, the AA's unemployment rate of 3.4 percent was slightly below both the state of NJ and state of NY rates. The tight labor market has put upward pressure on wages, but only exacerbated the area's cost disadvantage. The housing market remains stagnant, with both single-family and condo prices moving sideways or lower and multifamily building well below its mid-decade peak.

Key sectors of the economy based on percentage of total employment include Education and Health Services, Professional and Business Services, and Government. Major employers in the CSA include Richmond University Medical Center, Staten Island Medical Center, Merck, and Johnson & Johnson.

Community Contacts

As part of the CRA evaluation, the OCC reviewed information from three community contacts made within the NY-NJ CSA AA to determine local economic conditions and community needs. These contacts included a small business development center and two community housing organizations. Primary needs include financial literacy for both consumers and small businesses, financial education (e.g. how to open a bank account, how to establish credit), and grant funding of community organizations. Affordable housing continues to be a critical need in the AA.

There are ample opportunities for banks to provide qualifying CD activities. Despite this, competition among financial institutions for certain CD activities, along with retail deposits and loans is very strong within the AA.

Scope of Evaluation in New York MMSA

The New York MMSA AA received a full-scope review. Home mortgage lending received greater weight than small loans to businesses in our analysis based on the volume of loan originations and purchases during the evaluation period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK MMSA

LENDING TEST

The bank's performance under the Lending Test in the New York MMSA is rated High Satisfactory.

Based on a full-scope review, the bank's performance in the New York MMSA AA is good.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs.

Number of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
New York MMSA AA	813	460	44	1,317

Dollar Volume of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
New York MMSA AA	380,968	94,248	70,127	545,343

According to the June 30, 2019 FDIC deposit market share data, Northfield ranked 9th in deposits, with 3.47 percent market share in the AA. The bank's deposit rank placed them in the top 5.9 percent of all depository institutions in the AA. Based on 2018 peer mortgage data, Northfield ranked 48th in mortgage lending with minimal market share of 0.4 percent. This mortgage rank placed the bank in the top 7.4 percent of all mortgage lenders in the AA. Competition in the market is very strong, with a total of 645 mortgage lenders in the AA. The top three mortgage lenders in the AA are Wells Fargo with 9.0 percent, JPMorgan Chase with 7.7 percent, and Quicken Loans with 4.7 percent.

According to 2018 peer small business data, Northfield ranked 50th in small business lending with a minimal market share of 0.07 percent. Competition in the market is strong, with a total of 194 small business lenders. The top small business lenders in the AA are American Express, JPMorgan Chase, Bank of America, Citibank, and Capital One with a combined market share of 71.3 percent. These lenders are primarily business credit card lenders. When considering those institutions that were primarily commercial lenders, Northfield's rank moved to 10th out of 123 lenders, which placed them in the top 8.1 percent of these lenders.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the “MMSA” section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s home mortgage loan originations and purchases.

The distribution of the bank’s home mortgage loans in low- and moderate-income geographies is generally good. In conducting our analysis, we considered the high number of occupied rental units in both low- and moderate-income geographies. In low-income geographies, 77.0 percent of the total housing units in those geographies were occupied rental units. In moderate-income geographies, this percentage was 64.6 percent. This high level of rental units impacted the opportunities for banks to make mortgage loans. In both analysis periods, the proportion of home mortgage loans in low-income geographies approximated the proportion of owner-occupied housing in those geographies and the aggregate distribution of loans. In the 2017 through 2019 analysis period the proportion of home mortgage loans in moderate-income geographies was below the proportion of owner-occupied housing in those geographies and approximated the aggregate distribution of loans. The bank’s performance in the 2016 analysis period was slightly stronger; however, is based on a relatively small number of loans (16).

Small Loans to Businesses

Refer to Table Q in the “MMSA” section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s originations and purchases of small loans to businesses.

The distribution of the bank’s small loans to businesses in low- and moderate-income geographies is generally poor. In arriving at our conclusion, we considered the composition of lenders included in the aggregate distribution. Although the bank’s performance was weaker than aggregate industry performance, this was largely due to competition from American Express, JPMorgan Chase, Bank of America, Citibank, and Capital One that dominate the small business lending market. The majority of these lenders’ small business loans are made through credit cards, often to multiple employees of the same businesses. As a result, the aggregate distribution does not reflect the performance of more traditional small business loan products offered by the bank. Even considering this information, we considered performance in the 2016 analysis period very poor. Performance improved somewhat in the 2017 through 2019 analysis period. In both low- and moderate-income geographies, the bank’s proportion of loans was below the proportion of business and aggregate distribution of loans.

Lending Gap Analysis

OCC examiners reviewed summary reports and AA maps detailing the bank’s lending activity over the evaluation period for home mortgage loans and small loans to businesses to identify any gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

Refer to Table P in the “MMSA” section of appendix D for the facts and data used to evaluate the borrower distribution of the institution’s home mortgage loan originations and purchases.

The distribution of the bank’s home mortgage loans to low- and moderate-income borrowers is generally adequate. In arriving at our conclusion, we considered the very high cost of housing compared to income as discussed in the demographic data section of this Performance Evaluation. We also considered the significant proportion of housing in areas where LMI families are concentrated being comprised of multifamily and/or 2-4 family unit properties. This limits mortgage lending opportunities to families that reside in those areas. Even considering these items, performance in the 2016 analysis period was generally poor. The bank originated/purchased one and five loans to low- and moderate-income borrowers, respectively. Performance improved in the 2017 through 2019 analysis period, where the bank’s proportion of loans was generally below the proportion of low- and moderate-income families; however, comparable to the aggregate distribution of loans to those borrowers.

Small Loans to Businesses

Refer to Table R in the “MMSA” section of appendix D for the facts and data used to evaluate the borrower distribution of the institution’s originations and purchases of small loans to businesses.

The distribution of the bank’s small loans to businesses by revenue is generally good. In both analysis periods, the bank’s proportion of small loans to small businesses was generally below the proportion of small businesses. This performance approximated and slightly exceeded the aggregate lender performance to demographics in both periods. Also contributing to our conclusion was the bank’s performance to the aggregate distribution of loans, where the bank’s proportion of loans was comparable to the aggregate distribution of loans to those businesses in both analysis periods.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution’s level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

During the evaluation period, Northfield originated 44 CD loans for \$70.1 million. This represents 11.7 percent of the bank’s tier 1 capital. These loans were effective and highly responsive in helping the bank address community credit needs and had a significantly positive impact on the overall lending test rating. Just over 90 percent in dollar amount of these loans were multifamily housing loans, which created or retained 660 affordable housing units, a critical need in the AA.

Examples of other CD loans in the AA include:

- \$1.4 million in loans to a nonprofit organization that provides services to individuals with mental illness and developmental disabilities.
- A \$2.0 million loan to a social service agency who provides food, shelter, and basic needs to residents in the AA.
- A \$500 thousand loan to community health care center providing quality, affordable, and accessible health care services in LMI tracts.

Product Innovation and Flexibility

Northfield uses innovative and/or flexible lending practices in order to serve AA credit needs.

The Bank utilizes Federal Home Loan Bank Community Investment Program advances to help finance loans secured by multifamily housing in LMI geographies and affordable to LMI individuals. During the evaluation period the bank financed loans totaling \$325 million using this program.

INVESTMENT TEST

The institution's performance under the Investment Test in New York MMSA is rated Low Satisfactory.

Based on a full-scope review, the institution's performance in the New York MMSA AA is adequate.

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits good responsiveness to credit and community economic development needs. The institution occasionally uses innovative and/or complex investments to support CD initiatives.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
New York MMSA AA	11	10,338	55	2,868	66	100.0	13,206	100.0	-	-

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

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

Qualified investments were effective and responsive in helping the bank address community credit needs. The bank made an adequate number of investments, grants and donations under its programs. During the evaluation period Northfield made two qualified investments totaling \$2 million to a Small Business Administration (SBA) Loan Fund. Additionally, Northfield Bank Foundation made 53 qualifying donations and grants totaling \$867 thousand. Investments with a total book value of \$10.3 million that were made in prior evaluation periods and remained on the bank's books at December 31, 2019 were also considered. These prior period investments include 10 mortgage-backed securities and one SBA loan fund. The bank's investments, donations and grants address affordable housing; promote

job creation, retention and improvement for LMI individuals; and address various community service programs. These items are identified needs in the AA.

Donations and grants of note include:

- \$15 thousand donation to a community organization to fund learning and enrichment opportunities for low-income children.
- \$20 thousand donation to a school to help fund the purchase of laptops for impoverished and immigrant students.
- \$10 thousand donation to a community organization to support social services program that assists seniors with applying for or recertification of SNAP and other benefits.

SERVICE TEST

The institution's performance under the Service Test in New York MMSA is rated Low Satisfactory.

Based on a full-scope review, the institution's performance in the New York MMSA is adequate

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
New York MMSA AA	100.0	37	100.0	2.7	16.2	35.1	46.0	13.1	28.3	30.9	27.7

The bank's branches and alternative delivery systems were effective and responsive in helping the bank provide services across their community. At the end of the evaluation period, Northfield had one and six branches in low- and moderate-income geographies, respectively. The percentage of branches in both LMI geographies is below the percent of population in those geographies. During the evaluation period, the CT income category for one branch changed from moderate-income to middle-income as a result of the 2015 ACS update, which was not in the bank's control. All branches offer a full range of traditional deposit and loan products. Retail products include basic personal and business checking accounts and loan products. ATMs are available at all branch locations, with 27 being deposit-taking. Online banking and free bill pay through their website is also offered.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
New York MMSA AA	2	4	0	-1	-1	0

The institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period the bank opened two branches in upper-income CTs. Four branches were closed during the evaluation period, including one branch in a moderate-income, one branch in a middle-income and two branches in upper-income CTs. Two of these closures were due to lease expirations that were not renewed. The other two closures were due to financial underperformance and lack of profitability.

Services, including where appropriate, business hours, do not vary in a way that inconveniences, the various portions of its AA(s), particularly low- and moderate-income geographies and/or individuals. Services offered and hours of operations are comparable among locations regardless of the income level of the geography. Most branches have Saturday hours and some branches have Sunday hours. Most branches have extended hours at least one evening between Monday and Friday.

Community Development Services

The institution provides a significant level of CD services. During the evaluation period, 19 bank management and staff provided their financial expertise to 51 qualified CD organizations and programs. In total, these employees provided over 4,100 hours in qualifying services. Employee involvement primarily included serving on organizations' Board of Directors and other committees in various capacities, such as board member, treasurer, finance committee member, and vice chairman. The organizations served had qualifying CD missions, including: providing affordable and emergency housing, workforce and small business development, and mental health services to LMI individuals.

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 MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/2016 to 12/31/2019 (home mortgage and small business) 12/6/2016 to 12/31/2019 (CD loans, qualified investments, CD services)	
Bank Products Reviewed:	Home mortgage, small business, CD loans, qualified investments, CD services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
The Northfield Foundation	Affiliate	Qualified investments (Grants)
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
New York Consolidated MMSA (includes portions of the New York MMSA and Trenton-Princeton, NJ MSA)	Full-Scope	NY-Richmond (Staten Island), Kings (Brooklyn) NJ – Hunterdon (Partial), Middlesex, Union counties; Mercer county

Appendix B: Summary of MMSA and State Ratings

RATINGS Northfield Bank				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Northfield	High satisfactory	Low satisfactory	Low satisfactory	Satisfactory
MMSA:				
New York MMSA AA	High satisfactory	Low satisfactory	Low satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always

equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

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

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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

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

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

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

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

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

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

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

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

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

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2016
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
New York MMSA AA	92	47,496	100.0	75,929	4.3	4.3	4.1	17.8	17.4	15.8	30.6	28.3	27.4	47.4	50.0	52.8	0.0	0.0	0.0	
Total	92	47,496	100.0	75,929	4.3	4.3	4.1	17.8	17.4	15.8	30.6	28.3	27.4	47.4	50.0	52.8	0.0	0.0	0.0	

*Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2017-19
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
New York MMSA AA	721	333,473	100.0	76,225	4.1	6.0	6.4	17.9	15.1	16.7	36.8	23.7	29.1	41.2	55.2	47.8	0.0	0.0	0.0	
Total	721	333,473	100.0	76,225	4.1	6.0	6.4	17.9	15.1	16.7	36.8	23.7	29.1	41.2	55.2	47.8	0.0	0.0	0.0	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2016
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
New York MMSA AA	92	47,496	100.0	75,929	27.3	1.1	2.6	16.7	5.4	10.2	17.6	15.2	18.3	38.4	44.6	51.7	0.0	33.7	17.3
Total	92	47,496	100.0	75,929	27.3	1.1	2.6	16.7	5.4	10.2	17.6	15.2	18.3	38.4	44.6	51.7	0.0	33.7	17.3

*Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017-19
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
New York MMSA AA	721	333,473	100.0	76,225	28.1	2.6	3.3	15.7	9.8	11.4	17.1	16.6	18.8	39.1	47.4	48.9	0.0	23.4	17.6
Total	721	333,473	100.0	76,225	28.1	2.6	3.3	15.7	9.8	11.4	17.1	16.6	18.8	39.1	47.4	48.9	0.0	23.4	17.6

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2016
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
New York MMSA AA	134	22,720	100.0	139,209	10.5	4.5	11.8	25.5	7.5	25.4	26.0	28.4	24.9	37.4	59.7	37.1	0.6	0.0	0.8
Total	134	22,720	100.0	139,209	10.5	4.5	11.8	25.5	7.5	25.4	26.0	28.4	24.9	37.4	59.7	37.1	0.6	0.0	0.8

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2017-19
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
New York MMSA AA	326	71,528	218.8	143,330	9.9	8.0	12.7	23.7	19.6	23.6	32.2	23.9	25.0	33.7	47.2	38.0	0.4	1.2	0.7
Total	326	71,528	218.8	143,330	9.9	8.0	12.7	23.7	19.6	23.6	32.2	23.9	25.0	33.7	47.2	38.0	0.4	1.2	0.7

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
New York MMSA AA	134	22,720	100.0	139,209	86.8	50.0	44.1	5.9	43.3	7.3	6.7
Total	134	22,720	100.0	139,209	86.8	50.0	44.1	5.9	43.3	7.3	6.7

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-19
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
New York MMSA AA	326	71,528	100.0	143,330	89.1	41.4	41.2	4.7	53.7	6.2	4.9
Total	326	71,528	100.0	143,330	89.1	41.4	41.2	4.7	53.7	6.2	4.9

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0