



PUBLIC DISCLOSURE

November 26, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Pennsville National Bank
Charter Number 15733

170 South Broadway
Pennsville, NJ 08070

Office of the Comptroller of the Currency

1150 Northbrook Drive
Suite 303
Trevese, PA 19053

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

Table of Contents

OVERALL CRA RATING 3

DEFINITIONS AND COMMON ABBREVIATIONS 4

DESCRIPTION OF INSTITUTION 8

SCOPE OF THE EVALUATION..... 10

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 11

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS..... 12

LENDING TEST 12

APPENDIX A: SCOPE OF EXAMINATION..... A-1

APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS..... B-1

APPENDIX C: TABLES OF PERFORMANCE DATA C-1

Overall CRA Rating: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The major factors supporting this rating include:

- Pennsville National Bank's (PNB or bank) quarterly loan-to-deposit (LTD) ratio is reasonable.
- A majority of the bank's lending is inside its assessment area (AA) by number of loans originated or purchased.
- The overall geographic distribution of loans reflects reasonable dispersion in low- and moderate-income (LMI) census tracts.
- The bank's distribution of loans by income level of the borrower represents reasonable distribution to individuals of different income levels.
- The bank did not receive any CRA-related complaints during the evaluation period.

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

Pennsville National Bank (PNB) is a \$201 million single-state community bank. PNB is headquartered in Pennsville, New Jersey. 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 provides a listing and description of all deposit, loan, and trust services. PNB is a wholly owned subsidiary of Penn Bancshares, Inc., a one-bank holding company. Both the bank and the holding company are located at the same location in Pennsville, Salem County, New Jersey. The bank has one subsidiary, Denn and Company, which is a Delaware chartered company that holds the bank's investment securities. The bank has not opened or closed any branches since the last CRA performance evaluation.

The bank operates five retail branches within its market of Southern Gloucester and Salem Counties in NJ. While branch hours vary slightly, the branches offer extended hours on Friday as well as Saturday hours, with the exception of Pedricktown, which is closed on Saturday. All of the branches have drive-ins. ATMs are available 24 hours a day.

PNB is a full service community bank offering a range of retail banking, commercial banking, and trust services. Its retail services include checking accounts, savings programs, money-market accounts, certificates of deposit, consumer loan programs, and residential mortgages. Its commercial services include business checking accounts, money-market accounts, and commercial mortgages. In addition, PNB offers trust and investment services.

PNB had \$201 million in total assets as of December 31, 2017. Net loans and leases totaled \$70 million or 34 percent of average assets and total deposits were \$184 million. The bank's loan portfolio consisted of 57 percent 1-4 family residential real estate loans, 22 percent commercial real estate loans, 12 percent municipal loans and 10 percent in other types of loans.

There are no financial or legal impediments to hinder the bank's ability to help meet the credit needs of the communities it serves. The bank received a "Satisfactory" rating on its prior CRA Performance Evaluation dated December 8, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period under the Lending Test is representative of the bank's lending strategy since the last CRA examination. The evaluation covers the bank's performance from January 1, 2015 through December 31, 2017. The Lending Test covers two evaluation periods. The first evaluation period covers the bank's performance from January 1, 2015 to December 31, 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. Lending market share data and statistics are based on 2017 Peer Mortgage Data.

Data Integrity

PNB's primary loan product is home mortgage loans. Conclusions regarding the bank's lending performance are based on Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) reportable loans (home purchase, home improvement, and refinance loans) from January 1, 2015 through December 31, 2017. Prior to this evaluation, we tested the accuracy of PNB's HMDA data. The results of this testing indicated the data was accurate and we used the HMDA data for this evaluation.

Selection of Areas for Full-Scope Review

A Combined Statistical Area (CSA) was used for the review. PNB has defined the entire county of Salem and the southern portion of Gloucester County as its AA. These counties are located in the southwest region of New Jersey, anchored by the cities of Salem and Woodbury. Salem County is part of the Wilmington, DE-MD-NJ Metropolitan Division (MD) #48864 and consists of 24 census tracts. All 24 census tracts are part of the bank's AA. Two are low-income census tracts and four are moderate-income census tracts. Gloucester County is part of the Camden, NJ MD #15804 and consists of 63 census tracts. Seven of the 59 census tracts are part of the bank's AA. None of the census tracts in this portion of the bank's AA are designated as low- or moderate-income. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Ratings

There is only one CSA in the bank's AA. The bank's overall rating is based solely on the review of the CSA. The only applicable performance test is the lending test.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any 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 [or any affiliate whose loans have been considered as part of the institution's lending performance] 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

Pennsville National Bank's performance under the Lending Test is satisfactory.

Loan-to-Deposit Ratio

PNB's average loan-to-deposit ratio (LTD) is reasonable. The bank's quarterly average LTD ratio during the evaluation period was 37.84 percent and ranged from a low of 35.60 percent on March 31, 2017 and a high of 41.05 percent on December 31, 2015. We compared the bank's LTD ratio to three similarly situated banks in Salem, Gloucester, and Camden counties, ranging in total asset sizes from \$283 million to \$668 million. The quarterly average of these banks over the same period was 68.21 percent. The ratios ranged from a quarterly low of 38.84 percent to a quarterly high of 94.19 percent during that period. While the bank's quarterly average net loan-to-deposit ratio is lower than the peer group, it is reasonable when taking into consideration the bank's lending market share and the competition for loans. In addition, the bank sells mortgage loans in the secondary market as a way to manage interest rate risk, credit risk, and investments. These loans are not maintained in the bank's portfolio and are not reflected in the averages listed above.

Lending in Assessment Area

Based on the data in Table D below, the bank's lending within the assessment area is reasonable and meets the standard for satisfactory performance. The majority of the bank's mortgage loans, both by number and dollar amount of loans, are originated inside the bank's AA. The following table details the bank's lending inside and outside its AA by number and dollar amount:

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	79	86.8	12	13.2	91	5,078	73.1	1,867	26.9	6,945
2016	65	89.0	8	11.0	73	4,120	81.3	949	18.7	5,069
2017	72	88.9	9	11.1	81	4,846	80.4	1,180	19.6	6,026
Subtotal	216	88.2	29	11.8	245	14,044	77.8	3,996	22.2	18,040
Total	216	88.2	29	11.8	245	14,044	77.8	3,996	22.2	18,040

Source: HMDA Data from the Evaluation Period
Due to rounding, totals may not equal 100.0

Geographic Distribution of Loans

The overall geographic distribution of loans reflects reasonable dispersion in low- and moderate-income (LMI) census tracts.

For 2015 – 2016, the geographic distribution reflects reasonable dispersion throughout census tracts of different income levels. Based on the data in Table O1 in Appendix C, the geographic distribution of the bank's home mortgage origination and purchases reflects satisfactory performance. The percentage of loans in low-income census tracts was somewhat below the percent of owner-occupied housing units but exceeded the aggregate peer loans. This performance was reasonable. The percentage of loans the bank made in moderate-income tracts was greater than the percent of owner-occupied housing units and the aggregate peer loans. This performance was excellent.

For 2017, the geographic distribution of mortgage loan originations also reflects reasonable dispersion throughout census tracts of different income levels. Based on Table O2 in Appendix C, the geographic distribution of the bank's home mortgage origination and purchases reflects satisfactory performance. The percentage of loans the bank made in low-income tracts exceeded the percent of owner-occupied housing units and exceeded the aggregate peer loans. This performance was excellent. The percentage of loans the bank made in moderate-income tracts was somewhat below the percent of owner-occupied housing units and equal to the aggregate peer loans. This performance was reasonable.

Lending to Borrowers of Different Incomes

The distribution of loans to individuals of different income levels reflects reasonable dispersion.

For 2015 – 2015, the distribution of loans reflects reasonable penetration among individuals of different income levels. Based on the data in Table P1 in Appendix C, the distribution of the bank's home mortgage loan originations and purchases reflects satisfactory dispersion. The percentage of loans made to low-income borrowers was below the percentage of low-income families in the AA but exceeded the aggregate peer loans. This performance was reasonable. The percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income families and exceeded the aggregate peer loans. This performance was excellent.

For 2017, the distribution of loans reflects reasonable penetration among individuals of different income levels. Based on the data in Table P2 in Appendix C, the distribution of the bank's home mortgage loan originations and purchases reflects satisfactory performance. The percentage of loans made to low-income borrowers was below the percentage of low-income families in the AA but exceeded the aggregate peer loans. This performance was reasonable. The percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income families and exceeded the aggregate peer loans. This performance was excellent.

Responses to Complaints

The bank did not receive any CRA-related complaints during the 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”).

Time Period Reviewed	Lending Test (Excluding CD Loans: (01/01/15 to 12/31/17)	
Financial Institution:	Products Reviewed	
Pennsville National Bank, Pennsville, NJ	Home Mortgage Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Combined Statistical Area (CSA) Wilmington, DE-NJ MD (48864): Salem County Camden, NJ MD (15804): portion of Gloucester County	Full-Scope	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

The Pennsville National Bank (PNB) AA consists of the Wilmington, DE-NJ MD (48864) and is comprised of 24 contiguous tracts in Salem County, New Jersey and 7 tracts in Gloucester County, New Jersey. The following chart provides a summary of demographic information for the AA from 2015 to 2016.

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA*
Geographies (Census Tracts)	31	9.7	12.9	54.8	22.6	0.0
Population by Geography	104,704	6.0	8.4	46.8	38.8	0.0
Housing Units by Geography	39,750	7.8	9.9	49.2	33.1	0.0
Owner-Occupied Units by Geography	28,931	3.2	6.6	51.4	38.8	0.0
Occupied Rental Units by Geography	7,946	19.9	21.0	42.9	16.2	0.0
Vacant Units by Geography	2,873	20.9	11.9	45.2	22.0	0.0
Businesses by Geography	5,198	4.0	6.4	45.3	44.2	0.0
Farms by Geography	421	0.5	2.4	64.1	33.0	0.0
Family Distribution by Income Level	26,865	18.7	16.7	22.3	42.2	0.0
Household Distribution by Income Level	36,877	23.2	13.5	18.8	44.5	0.0
Median Family Income MSA - 15804 Camden, NJ MD		\$83,092	Median Housing Value			\$230,088
Median Family Income MSA - 48864 Wilmington, DE-MD- NJ MD		\$76,834	Median Gross Rent			\$869
			Families Below Poverty Level			6.4%

*Source: 2010 U.S. Census and 2016 D&B Data
Due to rounding, totals may not equal 100.0
(* The NA category consists of geographies that have not been assigned an income classification.*

Of the 31 tracts, 10 percent are low-income geographies, 13 percent are moderate-income geographies, 55 percent are middle-income geographies, and 23 percent are upper-income geographies.

The 2010 U.S. Census reported the total population of the AA at 104,704. Within the AA, there are 26,865 families and 36,877 households. There are 39,750 housing units in the AA, and the median housing cost is \$230,088. Of the total housing units, 73 percent are owner occupied, 20 percent are renter occupied, and seven percent are vacant housing units. Approximately three percent of the owner occupied housing is located within a low-income geography, seven percent is located in moderate-income geographies, 51 percent is located in middle-income geographies, and 39 percent is located in upper-income geographies.

The median family incomes for the Camden MD and the Wilmington MSA are \$83,092 and \$76,834, respectively. Approximately 19 percent of families within the AA are low-income, 17 percent are moderate-income, 22 percent are middle-income, and 42 percent are upper-income. Approximately 6 percent of households are below the poverty level.

According to 2016 Peer Deposit Data, PNB’s deposit market share within this AA is 11.07 percent, making PNB 4th out of 14 institutions in AA. PNB’s primary competitors are: Fulton Bank of New Jersey (nine offices, 27.69 percent market share), TD Bank, NA (three offices, 12.17 percent market share), First National Bank of Elmer (five offices, 11.84 percent market share), Franklin Bank (four offices, 9.95 percent), and Harvest Community Bank (four offices, 9.95 percent market share).

According to 2016 Peer Mortgage Data, PNB had a 2.02 percent loan market share, and ranked 13th among 249 lending institutions in the AA. PNB’s major competitors for mortgage lending in the AA are: Wells Fargo Bank, NA, ranked 1st with a 10.2 percent market share; Quicken Loans ranked 2nd with a 5.43 percent market share; and Freedom Mortgage Corporations ranked 3rd with a 5.33 percent market share.

The economy is stable. The major employment sectors in Salem County are energy, chemicals, manufacturing, and healthcare. The major employers are PSE&G, E.I. DuPont, Mannington Mills, and the Memorial Hospital of Salem County. 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, and US Foodservice.

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

Table A - Demographic Information of the Assessment Area 2017

Assessment Area: PNB AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	6.3	12.5	59.4	18.8	0.0
Population by Geography	105,369	4.9	7.4	54.4	33.3	0.0
Housing Units by Geography	41,538	5.1	8.8	56.1	30.0	0.0
Owner-Occupied Units by Geography	29,224	1.2	4.8	60.2	33.8	0.0
Occupied Rental Units by Geography	8,339	16.0	18.5	43.4	22.1	0.0
Vacant Units by Geography	3,975	10.5	18.0	53.0	18.5	0.0
Businesses by Geography	5,404	2.5	6.1	55.3	36.1	0.0
Farms by Geography	418	0.0	1.7	67.5	30.9	0.0
Family Distribution by Income Level	27,261	18.3	15.2	19.9	46.6	0.0
Household Distribution by Income Level	37,563	22.3	13.6	16.5	47.6	0.0
Median Family Income MSA - 15804 Camden, NJ MD		\$87,133	Median Housing Value			\$217,701
Median Family Income MSA - 48864 Wilmington, DE-MD-NJ MD		\$80,707	Median Gross Rent			\$1,035
			Families Below Poverty Level			6.8%

Source: 2015 ACS Census and 2017 D&B Data
 Due to rounding, totals may not equal 100%

For the period from January 1, 2017 through December 31, 2017, data from the 2010 U.S. Census was used in our analysis but was modified to include 2017 Office of Management and Budget census updates. These changes required a separate analysis of data of updated 2017 information in certain lending tests. For 2017, PNB AA consists of the same AA from 2015 and 2016. Of the 31 tracts, six percent are low-income geographies, 13 percent are moderate-income geographies, 59 percent are middle-income geographies, and 19 percent are upper-income geographies.

The 2015 ACS U.S. Census reported the total population of the AA at 105,369. Within the AA, there are 27,261 families and 37,563 households. There are 41,538 housing units in the AA, and the median housing cost is \$217,701. Of the total housing units, 70 percent are owner occupied, 20 percent are renter occupied, and 10 percent are vacant housing units. Approximately one percent of the owner occupied housing is located within a low-income geography, five percent is located in moderate-income geographies, 60 percent is located in middle-income geographies, and 34 percent is located in upper-income geographies.

The median family incomes for the Camden MD and the Wilmington MSA are \$87,133 and \$80,707, respectively. Approximately 18 percent of families are low-income, 15 percent are moderate-income, 20 percent are middle-income, and 47 percent are upper-income. Approximately seven percent of households are below the poverty level.

According to 2017 Peer Deposit Data, PNB's deposit market share within this AA is 12.82 percent, making PNB 4th out of 14 institutions in AA. PNB's primary competitors are: Fulton Bank of New Jersey (nine offices, 27.69 percent market share), TD Bank, NA (three offices, 12.17 percent market share), First National Bank of Elmer (five offices, 11.84 percent market share), Franklin Bank (four offices, 9.95 percent), and Harvest Community Bank (four offices, 7.57 percent market share).

According to 2017 Peer Mortgage Data, PNB had a 2.43 percent loan market share, and ranked 11th among 246 lending institutions in the AA. PNB's major competitors for mortgage lending in the AA are: Wells Fargo Bank, NA, ranked 1st with a 7.91 percent market share; Pennymac Loan Services LLC ranked 2nd with a 5.4 percent market share; and Quicken Loans ranked 3rd with a 4.37 percent market share.

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

According to the December 2017 U.S. Bureau of Labor Statistics data, the unemployment rates for Gloucester County and Salem County are 4.1 and 5.6 percent, respectively. 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 community contact indicated that the economic outlook in the area is bleak. Despite the proximity to Wilmington, DE and Philadelphia, PA, a lack of public transportation makes commuting without a personal vehicle impossible. She also stated that the area is unstable and although there is a need for residential housing, there is little investment in this area. The community contact indicated a need for low-income housing and in addition to commercial property rehabilitation.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas 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 Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data is compiled by the FDIC and is available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

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 MA/AA. 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** – This table is not applicable and not included.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues** – This table is not applicable and not included.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** – This table is not applicable and not included.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** – This table is not applicable and not included.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – This table is not applicable and not included.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** – This table is not applicable and not included.

Table O1 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the 2015-16 Geography

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
PNB AA	144	9,198	100	3,225	3.2	2.1	1.4	6.6	14.6	4.3	51.4	67.4	43.0	38.8	16.0	51.3	0.0	0.0	0.0
Total	144	9,198	100	3,225	3.2	2.1	1.4	6.6	14.6	4.3	51.4	67.4	43.0	38.8	16.0	51.3	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.

Due to rounding, totals may not equal 100.0

Table O2 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the 2017 Geography

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
PNB AA	72	4,846	100	2,998	1.2	1.4	1.0	4.8	2.8	2.8	60.2	87.5	56.8	33.8	8.3	39.4	0.0	0.0	0.0
Total	72	4,846	100	2,998	1.2	1.4	1.0	4.8	2.8	2.8	60.2	87.5	56.8	33.8	8.3	39.4	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.

Due to rounding, totals may not equal 100.0

Table P1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the 2015-16 Borrower

Assessment Area:	Total Home Mortgage Loans				Low Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
PNB AA	144	9,198	100	3,225	18.7	13.2	3.9	16.7	23.6	15.2	22.3	32.6	19.2	42.2	30.6	36.9	0.0	0.0	24.8
Total	144	9,198	100	3,225	18.7	13.2	3.9	16.7	23.6	15.2	22.3	32.6	19.2	42.2	30.6	36.9	0.0	0.0	24.8

Source: 2010 U.S. Census ; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Table P2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the 2017 Borrower

Assessment Area:	Total Home Mortgage Loans				Low Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
PNB AA	72	4,846	100	2,998	18.3	5.6	5.1	15.2	34.7	16.8	19.9	20.8	20.0	46.6	36.1	34.3	0.0	2.8	23.7
Total	72	4,846	100	2,998	18.3	5.6	5.1	15.2	34.7	16.8	19.9	20.8	20.0	46.6	36.1	34.3	0.0	2.8	23.7

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