



PUBLIC DISCLOSURE

July 1, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The National Bank of Malvern
Charter Number 3147

King and Warren Streets
Malvern, PA 19355

Office of the Comptroller of the Currency

1150 Northbrook Drive
Suite 303
Trevese, PA 19053

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

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Overall CRA Rating

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

Major factors that support this rating are:

- The quarterly average loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated in its assessment area.
- The geographic distribution of home mortgage loans in the AA reflects excellent dispersion in low- and moderate-income geographies.
- The bank's distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels.
- The bank had no consumer complaints regarding its community reinvestment performance.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

The National Bank of Malvern (NBM) is an intrastate, federally-chartered institution founded in 1883. NBM is a wholly owned subsidiary of Malvern Bank Corporation. The holding company has no other operating subsidiaries. The institution, headquartered in Malvern, PA, is located in Chester County, Pennsylvania. NBM is located in a middle-income geography in the Borough of Malvern. Malvern is included in the Montgomery County-Bucks County-Chester County MSA.

The bank has two branches, one in Malvern and another in Frazer, PA. Both bank locations have ATMs and drive-through services. NBM offers a full range of banking services including checking accounts, savings accounts, certificates of deposits, and individual retirement accounts. Loan products include residential mortgages, home equity loans, consumer loans, commercial mortgages, and farm loans. NBM offers 24-hour online and mobile banking services through the bank's website and mobile application platform. The institution's public website offers information on banking hours as well as products and services offered.

As of March 31, 2019, NBM had \$150 million in total assets, \$115 million in net loans and \$126 million in total deposits. Net loans represent 76 percent of total assets. The bank's primary loan product continues to be 1-4 family mortgage loans, which represent 35 percent of total loans. However, the bank has grown its commercial and farm loans over the evaluation period. Table 1 provides a breakdown of the loan portfolio.

Table 1: Loan Portfolio Summary by Loan Product 31-Mar-19		
Loan Category	\$ Amount (thousands)	% of Outstanding Loans
Residential Real Estate	40,294	34.95%
Agriculture & Farmland Loans	32,290	28.01%
Non-Farm/Non-Residential Real Estate	28,542	24.76%
Multifamily Loans	8,165	7.08%
Construction Loans	2,295	1.99%
Municipal Loans	1,903	1.65%
Commercial & Industrial	1,670	1.45%
Consumer Loans	93	0.08%
Other Loans	25	0.02%
Total	115,277	100.00%

Source: March 31, 2019 Call Report

NBM's last Public Evaluation (PE) was dated February 23, 2015 and the institution received a satisfactory rating. Since the previous PE, NBM has not materially changed its strategic initiatives. NBM has not opened or closed any branches since the prior CRA exam. There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AA.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We performed a full scope evaluation of NBM using the Small Bank CRA examination procedures, which only includes a lending test. The current evaluation period covered lending activity from January 1, 2016 to December 31, 2018. We used two evaluation periods for the examination. In 2017, the Office of Management and Budget revised the 2010 U.S. Census data. The changes resulted in differences to the MSA/MD, census tracts, and income designations. The first evaluation period covers the bank's lending performance from January 1, 2016 to December 31, 2016. To reflect the census changes, the second evaluation period covered lending performance from January 1, 2017 to December 31, 2018. Our lending performance review focused on home mortgage loans. This is the bank's primary loan product representing 35 percent of total loans.

Data Integrity

NBM reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to this examination, we tested the accuracy of NBM's HMDA data. The results of testing indicated the data was reasonably accurate and reliable. Therefore, we used HMDA data from January 1, 2016 to December 31, 2018 for this evaluation.

Selection of Areas for Full-Scope Review

NBM has one AA that includes the entirety of Chester County, PA, where NBM is headquartered. The AA has not changed since the last PE was published. It continues to meet regulatory requirements and does not arbitrarily exclude any low- or moderate-income geographies. We performed a full-scope review of the bank's sole AA. Refer to the table in Appendix B for demographic information on the AA.

In 2016, the AA consisted of 116 CTs. Based on the 2010 Census data used for 2015-2016, there were four (3 percent of AA) low-income tracts, 22 (19 percent of AA) moderate-income tracts, 45 (38 percent of AA) middle-income tracts, and 45 (39 percent of AA) upper-income tracts.

The census data change in 2017 altered the income designations of several CTs in the bank's AA. The bank maintained the same 116 CTs in the AA. Based on the 2015 ACS Census data effective as of 2017, there were five (4 percent of AA) low-income

tracts, 24 (21 percent of AA) moderate-income tracts, 47 (40 percent of AA) middle-income tracts, and 40 (35 percent of AA) upper-income tracts.

Ratings

The bank's overall rating is based on the full scope review of the AA described above. The only applicable performance test is the lending test.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

Conclusions with Respect to Performance Tests

LENDING TEST

NBM's performance under the Lending Test is Satisfactory. NBM's quarterly average loan-to-deposit ratio is reasonable. A majority of NBM's home mortgage loans were originated within the bank's AA. NBM's geographic distribution of home mortgage loans reflects excellent dispersion throughout geographies of different income levels. NBM's home mortgage loan distribution reflects reasonable penetration among borrowers of different income levels.

Loan-to-Deposit Ratio

NBM's quarterly average net loan-to-deposit ratio is reasonable. The bank's quarterly average net loan-to-deposit ratio over the 16 quarters since the last CRA examination was 84.93 percent. During this period, the ratio ranged from a quarterly low of 76.44 percent to a quarterly high of 95.11 percent. NBM's quarterly average net loan-to-deposit ratio is somewhat lower than that of a custom peer group of eight banks located in Chester County, PA with asset sizes below \$1.2 billion. The quarterly average of these banks over the same 16 quarters was 93.40 percent. While the bank's quarterly average net loan-to-deposit ratio is somewhat lower than the custom peer group, it is reasonable when taking into consideration the bank's small size, lending market share, and strong competition for loans within the AA.

Lending in Assessment Area

A majority of the home mortgage loans originated during the evaluation period were within the bank's AA. Table D below shows the comparison of mortgages extended 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										
2016	19	76.0	6	24.0	25	7,201	82.0	1,576	18.0	8,777
2017	19	82.6	4	17.4	23	5,727	83.9	1,103	16.1	6,830
2018	22	71.0	9	29.0	31	6,421	72.6	2,421	27.4	8,842
Subtotal	60	75.9	19	24.1	79	19,349	79.1	5,100	20.9	24,449
Total	60	75.9	19	24.1	79	19,349	79.1	5,100	20.9	24,449

Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data ; Due to rounding, totals may not equal 100.0

In 2016, management originated 76 percent by number and 82 percent by dollar value within the AA. In 2017-2018, management originated 75.9 percent by number and 77.5 percent by dollar value within the AA. In aggregate, management originated 75.9 percent of loans by number and 79.1 percent by dollar value within the AA.

Geographic Distribution of Loans

Based on Tables O1 and O2 in Appendix C, the geographic distribution of loans reflects excellent dispersion throughout geographies of different income levels. The geographic distribution of home mortgage loans in 2016 was reasonable. The geographic distribution of home mortgage loans in 2017-2018 was excellent.

During the 2016 evaluation period, NBM made no home mortgage loans within low-income geographies. However, opportunities to lend in the low-income CTs are limited as only one percent or 1,780 units of owner-occupied housing was located in low-income geographies. In addition, the aggregate number of peer loans made within low-income geographies was only 1.4 percent in 2016. The percentage of home mortgage loans NBM made in moderate-income geographies was near to the percentage of owner-occupied housing within those geographies. NBM's performance was also comparable to the aggregate percentage of peer loans made within moderate-income geographies in 2016.

During the 2017-2018 evaluation period, the percentage of home mortgage loans NBM made in low-income geographies significantly exceeded the percentage of owner-occupied housing in those geographies. The percentage of home mortgage loans NBM made in moderate-income geographies also significantly exceeded the percentage of owner-occupied housing within those geographies. In addition, NBM exceeded the aggregated percentage of peer loans made within both low- and moderate-income geographies during the evaluation period.

Lending to Borrowers of Different Incomes

Based on Appendix C, Tables P1 and P2, NBM's distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. The borrower distribution of mortgage loans in both the 2016 and 2017-2018 evaluation periods is reasonable.

The distribution of home mortgage loans in 2016 reflects reasonable penetration among borrowers of different income levels. The percentage of home mortgage loans made to low-income borrowers was less than the percentage of low-income families in the AA. However, the bank's percentage of home mortgage loans made to moderate-income borrowers exceeded the percentage of moderate-income families in the AA. NBM also exceeded the aggregated percentage of peer loans made to moderate-income borrowers in 2016.

The distribution of home mortgage loans during the 2017-2018 evaluation period also reflects reasonable penetration among borrowers of different income levels. The percentage of home mortgage loans made to low-income borrowers was less than the percentage of low-income families in the AA. However, the bank's performance with low-income borrowers exceeded the aggregated percentage of peer loans made to low-income borrowers during the evaluation period. The percentage of loans made to moderate-income borrowers exceeded the percentage of moderate-income families in the AA. NBM also exceeded the aggregated percentage of peer loans made to moderate-income borrowers during the evaluation period.

Responses to Complaints

The bank has not received any CRA-related consumer complaints since the last CRA examination.

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 (excludes CD loans): (1/01/2016 to 12/31/2018) Investment and Service Tests and CD Loans: NA	
Financial Institution		Products Reviewed
The National Bank of Malvern (NBM) Malvern, PA		Home Mortgage Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
No Affiliates	Not Applicable	Not Applicable
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
NB Malvern AA	Full Scope Review	For the period from January 1, 2016 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, 2018, 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

NB Malvern AA 2016

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	116	3.4	19.0	37.9	38.8	0.9
Population by Geography	498,886	3.1	15.2	41.5	39.5	0.7
Housing Units by Geography	189,259	3.2	16.5	42.4	37.9	0.0
Owner-Occupied Units by Geography	139,743	1.3	12.8	43.8	42.1	0.0
Occupied Rental Units by Geography	41,393	9.1	27.6	38.2	25.1	0.0
Vacant Units by Geography	8,123	7.1	22.4	39.6	30.9	0.0
Businesses by Geography	41,585	1.7	12.4	40.3	45.5	0.0
Farms by Geography	1,659	0.8	14.9	45.7	38.6	0.0
Family Distribution by Income Level	128,975	17.2	16.2	22.3	44.3	0.0
Household Distribution by Income Level	181,136	20.8	15.2	18.5	45.6	0.0
Median Family Income MSA - 33874 Montgomery County-Bucks County- Chester County, PA		\$93,721	Median Housing Value			\$339,160
			Median Gross Rent			\$1,105
			Families Below Poverty Level			3.9%

*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.*

Based on data from the 2010 U.S. Census, the weighted average median cost of housing in the AA was \$339,160. The FFIEC adjusted median family income for 2016 was \$93,721. The percentage of households below the poverty level in 2010 in the AA was 3.9 percent. The population for the AA was comprised of 128,975 families. The unemployment rate across the AA was 3.4 percent, which compares favorably to the 5.4 percent unemployment rate for the Commonwealth of Pennsylvania and 4.9 percent for the U.S. The family income distribution details that 17.2 percent were low-income, 16.2 percent were moderate-income, 22.3 percent were middle-income, and 44.3 percent were upper-income.

According to 2016 Peer Deposit Data, NBM's is ranked 22nd out of 34 institutions in the AA with a market deposit share of 0.75 percent of total deposits. The primary competitors within the AA are: Citadel Federal Credit Union (eight offices, 13.62 percent market share), Wells Fargo Bank, NA (sixteen offices, 12.64 percent market share), Branching Banking and Trust (BB&T) Company (thirty offices, 9.93 percent market share), PNC Bank, NA (ten offices, 8.84 percent market share), and TD Bank, NA (ten offices, 7.91 percent market share).

Competition for loans in the AA is strong. According to 2016 Peer Mortgage Data, NBM's ranked 136th out of 476 mortgage lenders in the AA, with a market share of 0.1 percent of mortgage loans. NBM's major competitors in 2016 were: Wells Fargo Bank, NA (14.82 percent market share), Citadel Federal Credit Union (4.5 percent market share), Quicken Loans (3.66 percent market share), JPMorgan Chase Bank, NA (3.37 percent market share), and Trident Mortgage Company LP (3.01 percent market share).

The economy is stable, expanding at a moderate pace, consistent with economic expansion for Pennsylvania. The local economy is bolstered by a stable healthcare system, well-educated workforce and proximity to Philadelphia. The major employment sectors in metro area are health care, financial services and retail. The major employers are Main Line Health, The Vanguard Group, Abington Memorial Hospital, Holy Redeemer Health System and Aetna Inc.

NB Malvern AA 2017- 2018

Table A - Demographic Information of the Assessment Area						
Assessment Area: NB Malvern AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	116	4.3	20.7	39.7	34.5	0.9
Population by Geography	509,797	4.1	17.0	41.6	36.6	0.7
Housing Units by Geography	194,892	4.5	17.5	43.0	35.1	0.0
Owner-Occupied Units by Geography	139,807	2.1	14.7	42.5	40.7	0.0
Occupied Rental Units by Geography	46,250	10.5	25.4	44.7	19.4	0.0
Vacant Units by Geography	8,835	10.9	20.0	40.8	28.3	0.0
Businesses by Geography	43,217	2.6	12.9	42.8	41.6	0.0
Farms by Geography	1,690	1.2	17.2	48.2	33.3	0.0
Family Distribution by Income Level	130,680	18.9	17.0	21.2	42.9	0.0
Household Distribution by Income Level	186,057	22.2	15.9	17.3	44.6	0.0
Median Family Income MSA - 33874 Montgomery County-Bucks County-Chester County, PA		\$99,939	Median Housing Value			\$333,640
			Median Gross Rent			\$1,216
			Families Below Poverty Level			4.4%

*Source: 2015 ACS Census and 2018 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.*

Based on data from the 2015 ACS Census, the weighted average median cost of housing in the AA was \$333,640. The FFIEC adjusted family income for 2017 is \$99,393. The percentage of households below the poverty level in the AA is 4.4 percent. The population for the AA is comprised of 130,680 families. The unemployment rate across the AA is 4 percent, slightly below the 4.9 percent unemployment rate for the Commonwealth of Pennsylvania and 4.4 percent unemployment for the U.S. in 2017. The family income distribution details that 18.9

percent are low-income, 17 percent are moderate-income, 21.2 percent are middle-income, and 42.9 percent are upper-income.

According to 2017 Peer Deposit Data, NBM's is ranked 21st out of 31 institutions in the AA with a market deposit share of 0.73 percent of total deposits. The primary competitors within the AA are: Citadel Federal Credit Union (one office, 14.57 percent market share), Wells Fargo Bank, NA (sixteen offices, 12.47 percent market share), BB&T Company (twenty three offices, 8.98 percent market share), PNC Bank, NA (ten offices, 8.51 percent market share), and Citizens Bank of Pennsylvania (seventeen offices, 7.85 percent market share).

Competition for loans in the AA is strong. According to 2017 Peer Mortgage Data, NBM's ranked 132nd out of 462 mortgage lenders in the AA, with a market share of 0.12 percent of mortgage loans. NBM's major competitors in 2017 were: Wells Fargo Bank, NA (13.68 percent market share), JPMorgan Chase Bank NA (3.7 percent market share) Citadel Federal Credit Union (3.52 percent market share), Quicken Loans (3.41 percent market share), and Trident Mortgage Company LP (3.05 percent market share).

Community Contact

We reviewed the OCC Community Contact Database during this examination to determine the credit needs of the local community. We reviewed an OCC interview of a local economic development group conducted in 2018. The group's purpose is to promote local businesses through debt financing, development of human capital, and providing access to tax credit programs. The contact describes the economy as strong and growing within the community, consisting primarily of middle and upper income areas. As a facilitator of small business lending, the contact expressed the continued need for SBA loans and lending partnerships. Affordable housing opportunities are also a needed to meet the demand of low- and moderate- income workers within the community.

Appendix C: Tables of Performance Data

Content of Standardized Tables

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/AA. 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. Tables are identified by both letters and numbers, which result from how they are generated in supervisory analytical systems.

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

- 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 O1 : 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
NB Malvern AA	19	7,201	100.0	18,649	1.3	0.0	1.4	12.8	10.5	12.5	43.8	47.4	43.3	42.1	42.1	42.8	0.0	0.0	0.0
Total	19	7,201	100.0	18,649	1.3	0.0	1.4	12.8	10.5	12.5	43.8	47.4	43.3	42.1	42.1	42.8	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 O2 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017-18

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
NB Malvern AA	41	12,148	100.0	15,845	2.1	12.2	2.8	14.7	24.4	15.9	42.5	36.6	41.7	40.7	26.8	39.6	0.0	0.0	0.0
Total	41	12,148	100.0	15,845	2.1	12.2	2.8	14.7	24.4	15.9	42.5	36.6	41.7	40.7	26.8	39.6	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 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 Borrower 2016

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
NB Malvern AA	19	7,201	100.0	18,649	17.2	5.3	6.2	16.2	21.1	16.3	22.3	5.3	22.0	44.3	26.3	41.7	0.0	42.1	13.7
Total	19	7,201	100.0	18,649	17.2	5.3	6.2	16.2	21.1	16.3	22.3	5.3	22.0	44.3	26.3	41.7	0.0	42.1	13.7

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 P2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017-18

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
NB Malvern AA	41	12,148	186.4	15,845	18.9	9.8	7.1	17.0	19.5	17.8	21.2	4.9	23.0	42.9	14.6	40.2	0.0	51.2	12.0
Total	41	12,148	186.4	15,845	18.9	9.8	7.1	17.0	19.5	17.8	21.2	4.9	23.0	42.9	14.6	40.2	0.0	51.2	12.0

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