

PUBLIC DISCLOSURE

June 29, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Northwest Bank
Certificate Number: 28178

Second at Liberty
Warren, Pennsylvania 16365

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION’S CRA RATING: This institution is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
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 Lending Test is rated Outstanding.

- Overall, the bank’s lending activity reflects excellent responsiveness to assessment area credit needs.
- The bank made a substantial majority of loans in its assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of loans reflects good penetration among individuals of different income levels and business of different revenue sizes.
- The institution exhibits an excellent record of serving the credit needs of the most economically disadvantaged area(s) of its assessment areas, low-income individuals and/or very small businesses, consistent with safe and sound banking practices.
- The bank makes extensive use of innovative and flexible lending practices in order to serve assessment area credit needs.

- The bank is a leader in making community development loans.

The Investment Test is rated Outstanding.

- The bank has an excellent level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are accessible to essentially all portions of the bank's assessment areas.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems in low- and moderate-income geographies or to low- and moderate-income individuals.
- Services do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies or to low- and moderate-income individuals.
- The institution is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

Northwest Bank (NWB) is a full service financial institution headquartered in Warren, Pennsylvania (PA). The bank operates in 35 counties in PA, 5 counties in western New York (NY), and 7 counties in northern Ohio (OH). NWB is owned by Northwest Bancshares, Inc. (NBI), a one-bank holding company also located in Warren, PA. NWB owns and operates the following six subsidiaries: Allegheny Services, Inc.; Great Northwest Corporation; Northwest Capital Group, Inc.; Northwest Insurance Services; Northwest Investment Services; and Northwest Settlement Agency, LLC. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation dated August 22, 2016, based on Large Bank Examination Procedures.

In May 2017, NWB sold all three branches located in the State of Maryland. Consequently, there is no analysis or rating for the State of Maryland. In addition, NWB divested Northwest Consumer Finance Discount Company, its consumer finance subsidiary, in July 2017 and Northwest

Retirement Services, a subsidiary that provided non-fiduciary recordkeeping to businesses, in December 2017.

In September 2016, NWB acquired 18 branch offices in the Buffalo, NY Metropolitan Statistical Area (MSA) and \$1.6 billion in deposits from First Niagara Bank, N.A. In March 2019, NBI acquired Donegal Financial Corporation and merged its subsidiary Union Community Bank into NWB. The merger with Union Community Bank added 13 branch offices in the Lancaster, PA MSA and \$453.0 million in deposits. The FDIC assigned Union Community Bank a Satisfactory CRA rating on July 16, 2018,

In October 2019, NBI also entered into an agreement and plan of merger with MutualFirst Financial, Inc. and the acquisition of 36 branches of MutualBank in the State of Indiana; however, the merger was not completed until April 2020 and consequently information related to NWB's expansion into the State of Indiana is not included within this CRA Performance Evaluation.

NWB currently operates 179 branches with 122 in PA, 35 in NY, and 22 in OH. Of the 179 branches, 170 are full service and 9 are limited service (mainly detached drive thru facilities). The bank's primary business focus continues to be residential real estate and commercial lending. The bank offers a variety of deposit, credit, and other financial services to address the needs of the assessment areas. Deposit accounts include savings, checking, certificates of deposit, and money market deposit accounts. The bank offers a variety of credit products to qualified applicants, including consumer loans, construction loans, residential real estate loans, home improvement loans, commercial loans, agricultural loans, vehicle and boat loans, and personal loans. Alternative banking services include free 24-hour telephone banking, online banking, mobile banking, non-deposit insurance products, and 214 Automated Teller Machines (ATMs). The bank opened or acquired 33 branches and closed 13 branches during the evaluation period. Six of the opened or acquired branches and three of the closed branches were in low- and moderate-income census tracts.

Assets totaled \$10.8 billion as of March 31, 2020, and included total loans of \$8.8 billion and total deposits of \$9.0 billion. The following table illustrates the composition of the bank's loan portfolio.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	223,544	2.5
Secured by Farmland	110,932	1.3
Secured by 1-4 Family Residential Properties	4,345,537	49.1
Secured by Multifamily (5 or more) Residential Properties	482,006	5.5
Secured by Nonfarm Nonresidential Properties	1,781,976	20.1
Total Real Estate Loans	6,943,995	78.5
Commercial and Industrial Loans	625,156	7.1
Agricultural Production and Other Loans to Farmers	10,502	0.1
Consumer Loans	1,201,372	13.6
Obligations of State and Political Subdivisions in the U.S.	23,737	0.2
Other Loans	43,028	0.5
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	8,847,790	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. NWB has 13 assessment areas in PA, NY, and OH. Since the prior evaluation, NWB added Beaver and Westmoreland Counties to the Pittsburgh, PA MSA assessment area and added Indiana and Jefferson Counties to the PA Non-MSA assessment area. In addition, NWB no longer maintains an assessment area in the State of Maryland as the bank sold all three branches located in the state in May 2017. There were four severe storm and flooding events that affected parts of the combined assessment area during the review period. A major disaster declaration related to COVID-19 affected the entire combined assessment area as of March 2020. The following table describes the 13 assessment areas, along with the number of census tracts and branches. Additional details for each assessment area are contained within the sections for the individual assessment areas.

Description of Assessment Areas			
Assessment Area Name	Counties	Census Tracts	Branches
Pennsylvania			
PA Non-MSA	Cameron, Clarion, Clearfield, Clinton, Crawford, Elk, Forest, Huntingdon, Juniata, Indiana, Jefferson, Lawrence, McKean, Mifflin, Potter, *Somerset, Tioga, Venango, & Warren	232	46
Pittsburgh, PA MSA	Allegheny, Armstrong, Beaver, Butler, Washington, & Westmoreland	675	26
Erie, PA MSA	Erie	71	16
Lancaster, PA MSA	Lancaster	98	15
Harrisburg-York-Lebanon, PA CSA	*Adams, *Dauphin, Lebanon, & York	186	8
State College, PA MSA	Centre	31	5
Johnstown, PA MSA	Cambria	42	4
Williamsport, PA MSA	Lycoming	29	1
Youngstown, PA MSA	Mercer	30	1
Pennsylvania Subtotal	35 Counties	1,394	122
New York			
Buffalo-Cheektowaga, NY MSA	Erie & Niagara	297	25
NY Non-MSA	Cattaraugus & Chautauqua	56	6
Rochester, NY MSA	Monroe	192	4
New York Subtotal	5 Counties	545	35
Ohio			
Cleveland-Akron-Canton, OH CSA	Ashtabula, *Cuyahoga, *Erie, Lake, Lorain, *Portage, & *Summit	226	22
Ohio Subtotal	7 Counties	226	22
Total	47 Counties	2,165	179
<i>Source: Bank Records; * Partial County</i>			

The combined assessment area includes 2,165 census tracts. These tracts reflect the following income designations according to the 2015 American Community Survey (ACS) Data:

- 215 low-income tracts
- 376 moderate-income tracts
- 1,106 middle-income tracts
- 433 upper-income tracts
- 35 census tracts with no income designation

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 22, 2016, to the current evaluation dated June 29, 2020. Examiners used the Interagency Large Institution Examination Procedures to evaluate NWB CRA performance. Examiners relied upon records provided by the bank, U.S. Census data, D&B demographic data, community contacts, and loan information reported under the Home Mortgage Disclosure Act (HMDA) and the Community Reinvestment Act (CRA). The Lending, Investment, and Service Test ratings are assigned for each state and overall for the institution. Of these, the Lending Test is given more weight than the Investment and Service Tests.

NWB has 13 assessment areas, which consist of nine assessment areas in PA, three assessment areas in NY, and one assessment area in OH. Four assessment areas in PA received full scope reviews, including the PA Non-MSA assessment area, the Pittsburgh, PA MSA assessment area, the Erie, PA MSA assessment area, and the Lancaster, PA MSA assessment area. The PA Non-MSA assessment area, Pittsburgh, PA MSA assessment area, and Erie, PA MSA assessment area account for more branches, loans, deposits, and community development activities than the other assessment areas. As some of NWB's assessment areas had not been subject to full-scope review in the past two CRA evaluations, examiners selected one of these areas at random to ensure the institution's CRA performance in these infrequently reviewed assessment areas is regularly evaluated. The assessment area selected at random for full-scope review was the Lancaster, PA MSA assessment area. The other five assessment areas in PA received limited scope reviews. None of the limited scope areas account for more than 10 percent of the bank's deposit or loans for any year during the evaluation period.

In NY, one assessment area received a full scope review and two assessment areas received a limited scope review. Specifically, the Buffalo-Cheektowaga, NY MSA assessment area received a full scope review since this assessment area contains more branches, loans, deposits, and community development activities than the NY Non-MSA assessment area and the Rochester, NY MSA assessment area.

Examiners conducted a full scope review of the Cleveland-Akron-Canton Combined Statistical Area (CSA), which is the sole assessment area in the State of OH. The state rating for OH is based on performance in this single assessment area.

The bank's performance in PA contributed more weight to the overall conclusions, as the bank's operations in PA account for a majority of the institution's loans, deposits, and branches as detailed in the table below. The loan totals include the dollar volume of home mortgage, small business, small farm, and other real estate secured loans originated inside the assessment area from 2017 through 2019.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
PA Non-MSA	510,745	17.8	2,465,952	27.7	46	25.7
Pittsburgh, PA MSA	518,774	18.1	995,163	11.2	26	14.5
Erie, PA MSA	400,021	13.9	965,809	10.9	16	8.9
Lancaster, PA MSA	184,485	6.4	601,401	6.8	15	8.4
Harrisburg-York-Lebanon, PA CSA	157,091	5.5	340,977	3.8	8	4.5
State College, PA MSA	203,276	7.1	206,802	2.3	5	2.8
Johnstown, PA MSA	11,786	0.4	137,188	1.5	4	2.2
Williamsport, PA MSA	25,013	0.9	33,897	0.4	1	0.6
Youngstown, PA MSA	18,346	0.6	33,669	0.4	1	0.6
Pennsylvania Subtotal	2,029,537	70.7	5,780,858	65.0	122	68.2
Buffalo-Cheektowaga, NY MSA	520,951	18.2	1,870,018	21.0	25	14.0
NY Non-MSA	80,854	2.8	266,956	3.0	6	3.3
Rochester, NY MSA	74,636	2.6	83,825	1.0	4	2.2
New York Subtotal	676,441	23.6	2,220,799	25.0	35	19.5
Cleveland-Akron-Canton, OH CSA	163,831	5.7	886,330	10.0	22	12.3
Ohio Subtotal	163,831	5.7	886,330	10.0	22	12.3
Total	2,869,809	100.0	8,887,987	100.0	179	100.0

Source: Bank Records; FDIC Summary of Deposits (06/30/19)

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The volume of home mortgage loans exceeded that of small business loans during the review period. Therefore, home mortgage lending was given more weight in overall conclusions. The bank's small farm lending was minimal, and is only presented in the assessment area concentration analysis, along with home mortgage and small business lending. No other loan types, such as consumer loans, represent a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. This evaluation considered all home mortgage loans reported on the bank's 2017, 2018, and 2019 HMDA Loan Application Registers (LARs). This evaluation also considered all small business and small farm loans reported on the bank's 2017, 2018, and 2019 CRA Loan Registers. For comparative purposes, the evaluation presents 2018 aggregate HMDA and CRA data (2019 aggregate data is not yet available), 2015 American Community Survey (ACS) data, and 2018 and 2019 D&B data.

Additionally, NWB collected and presented optional loan data for other non-commercial real estate secured loans comprised of business purpose loans or lines secured by residential real estate that do

not meet the definition of a CRA-reportable small business loan (or a HMDA-reportable loan). The optional loan data is referred to as other real estate secured small business loans and this data is given full consideration for CRA purposes.

Examiners analyzed but did not present 2017 lending activities within the Lending Test portions of the full-scope and limited-scope reviews. Examiners did not identify any trends between 2017, 2018, and 2019 that materially affect conclusions. Therefore, 2018 data, the most recent year for which aggregate data is available, contributed more weight to overall conclusions.

While number and dollar volume of loans are presented, examiners emphasized performance by number of loans under the geographic distribution and borrower profile criteria, because the number of loans is a better indicator of the number of businesses and individuals served.

Bank management provided information on community development loans, flexible lending programs, qualified investments, and community development services since the prior CRA evaluation dated August 22, 2016.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test performance in the combined assessment area is rated “Outstanding.” The Lending Test performance in the PA rated areas support this conclusion. The Lending Test performance in the OH rated area is consistent with the overall performance.

Lending Activity

The bank’s lending levels reflect excellent responsiveness to assessment area credit needs. During the review period (2017 through 2019), NWB originated 17,386 home mortgage loans totaling approximately \$2.2 billion, 2,610 small business loans totaling approximately \$476.4 million, 531 small farm loans totaling approximately \$53.1 million, and 2,737 other loans secured by real estate totaling \$150.9 million. During the review period, the bank’s home mortgage lending activity increased, while small business, small farm, and other real estate secured loan activity remained stable.

NWB ranked 9th out of 973 institutions that originated or purchased 232,669 home mortgage loans in the combined assessment area in 2018. The total number of home mortgage loans made by NWB inside the combined assessment area in 2018 (5,889 loans) represents a 2.5 percent market share.

NWB ranked 25th out of 229 CRA-reportable institutions that originated or purchased 168,443 small business loans in the combined assessment area in 2018. NWB’s small business lending activity represented a 0.6 percent market share in the combined assessment area.

Assessment Area Concentration

The bank made a substantial majority of home mortgage, small business, small farm, and other real estate secured loans, by number and dollar volume, within its combined assessment area. See the following table.

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											
2017	4,347	92.1	372	7.9	4,719	571,589	82.7	119,357	17.3	690,946	
2018	5,889	94.1	372	5.9	6,261	700,280	89.1	85,326	10.9	785,606	
2019	7,150	94.3	436	5.7	7,586	917,550	89.1	112,384	10.9	1,029,934	
Subtotal	17,386	93.6	1,180	6.4	18,566	2,189,419	87.4	317,067	12.6	2,506,486	
Small Business											
2017	800	91.5	74	8.5	874	146,962	85.6	24,624	14.4	171,586	
2018	897	91.3	86	8.7	983	156,119	86.0	25,387	14.0	181,506	
2019	913	87.8	127	12.2	1,040	173,307	84.4	31,929	15.6	205,236	
Subtotal	2,610	90.1	287	9.9	2,897	476,388	85.3	81,940	14.7	558,328	
Small Farm											
2017	180	94.7	10	5.3	190	19,429	92.6	1,551	7.4	20,980	
2018	173	97.2	5	2.8	178	17,218	98.8	202	1.2	17,420	
2019	178	94.2	11	5.8	189	16,499	94.3	994	5.7	17,493	
Subtotal	531	95.3	26	4.7	557	53,146	95.1	2,747	4.9	55,893	
Other Real Estate Secured											
2017	928	95.8	41	4.2	969	53,088	95.3	2,614	4.7	55,702	
2018	892	94.7	50	5.3	942	50,037	91.4	4,722	8.6	54,759	
2019	917	94.8	50	5.2	967	47,731	89.1	5,833	10.9	53,564	
Subtotal	2,737	95.1	141	4.9	2,878	150,856	92.0	13,169	8.0	164,025	
Total	23,264	93.4	1,634	6.6	24,898	2,869,809	87.4	414,923	12.6	3,284,732	
<i>Source: Evaluation Period: 1/1/2017 - 12/31/2019 Bank Data Due to rounding, totals may not equal 100.0</i>											

Geographic Distribution

Geographic distribution of loans reflects good penetration throughout the combined assessment area. The bank's good performance of home mortgage and small business lending within the PA rated area primarily supports this conclusion, as this area received the most weight in the overall analysis. The bank's performance in the NY rated areas is consistent with the bank's overall performance and the bank's performance in the OH rated areas is slightly above the overall performance.

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different revenue sizes in the combined assessment area. The bank's good performance of home mortgage lending in the PA rated area primarily supports this conclusion, as this area received the most weight in the overall analysis. The bank's performance in the NY and OH rated areas are consistent with overall performance.

Innovative or Flexible Lending Practices

NWB makes extensive use of both innovative and flexible lending programs to serve the needs of low- and moderate-income individuals within its assessment area. Examiners assess these programs using the following criteria: 1) the degree in which the loans serve low- and moderate-income borrowers in new ways or serve creditworthy borrowers not previously served by the institution, and 2) the success of these products in terms of number and dollar volume originated during the review period.

NWB originated 21,865 loans totaling \$716.9 million during the review period. This represents a significant increase from the previous evaluation, when the bank originated 40,972 loans for \$168.9 million. NWB has more than quadrupled the dollar volume of innovative and flexible loans. The bank's high volume of Paycheck Protection Program originations, at \$506.0 million, contributed to the majority of the increase. The bank also provided nearly \$1.5 billion in COVID-19 mortgage, home equity, and consumer loan deferments that are considered responsive to credit needs within the assessment area.

NWB introduced eight new loan programs since the previous CRA evaluation, including the Hometown Loan Program, HomeOne Loan Program, NeighborWorks Loan Program, Borough of State College First Time Homebuyer, City of Lebanon First Time Homebuyer, Paycheck Protection Program, COVID-19 Consumer Special Impact Program, and Government Shutdown Government Employee Pay Interruption Interest Only Note Program. NWB also reintroduced Federal Housing Administration (FHA), Veterans Administration (VA), Farm Service Agency (FSA), and United States Department of Agriculture (USDA) loans, four government loan programs that the bank previously discontinued. The following table details the bank's innovative and flexible loan programs:

Type of Program	Innovative or Flexible Lending Programs											
	2016 *		2017		2018		2019		2020 YTD		Totals	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s	#	\$000s	#	\$000s
First Time Homebuyers Program	29	1,827	39	2,479	31	1,984	49	4,126	20	2,291	168	12,707
Affordable Housing Loan Program	18	1,305	21	1,465	13	1,183	24	2,158	10	1,104	86	7,215
Heroes Loan	83	11,315	123	18,168	129	18,517	135	20,713	48	9,003	518	77,716
First Front Door Program	19	1,062	35	2,244	31	2,068	37	2,519	0	0	122	7,893
Hometown Loan Program	0	0	0	0	0	0	5	590	15	2,798	20	3,388
HomeOne Loan Program	0	0	0	0	0	0	13	2,564	8	1,171	21	3,735
Home Possible Loan Program	0	0	0	0	0	0	12	1,493	7	847	19	2,340
Habitat for Humanity/First Front Door	2	106	9	628	2	191	9	766	0	0	22	1,691
Habitat Loans – New Originations	2	145	4	269	3	251	2	190	1	13	12	868
Habitat Loans – Purchased Existing	20	1,506	236	8,972	44	2,191	17	1,415	2	299	319	14,383
NeighborWorks	0	0	0	0	2	189	0	0	0	0	2	189
Borough of State College First Time Homebuyer	1	142	0	0	0	0	0	0	0	0	1	142
City of Lebanon First Time Homebuyer	1	58	0	0	0	0	0	0	0	0	1	58
Centre County First Time Homebuyer	0	0	0	0	0	0	1	136	0	0	1	136
City of Johnstown First Time Homebuyer	0	0	0	0	0	0	1	52	0	0	1	52
Loan Modifications	32	4,344	11	920	22	1,341	30	1,627	9	597	104	8,829

Subtotal: Mortgage Loan Programs	207	21,810	478	35,145	277	27,914	335	38,350	120	18,123	1,417	141,342
SBA Loans	37	3,295	77	7,348	58	9,228	70	12,496	15	3,095	257	35,462
FSA Loans	8	1,885	5	1,100	5	2,176	2	70	0	0	20	5,231
FHA Loans	0	0	0	0	0	0	0	0	19	3,587	19	3,587
VA Loans	0	0	0	0	0	0	0	0	15	2,424	15	2,424
USDA Loans	0	0	0	0	0	0	0	0	33	3,443	33	3,443
Subtotal: Government Loan Programs	45	5,180	82	8,448	63	11,404	72	12,566	82	12,549	344	50,147
Paycheck Protection Program	0	0	0	0	0	0	0	0	4,655	505,965	4,655	505,965
COVID-19 Consumer Special Impact Program	0	0	0	0	0	0	0	0	6	15	6	15
Government Shutdown Government Employee Pay Interruption Interest Only Note Program	0	0	0	0	0	0	1	4	0	0	1	4
Subtotal: Disaster Relief Loan Programs	0	0	0	0	0	0	1	4	4,661	505,980	4,662	505,984
Small Dollar Loan Program of \$0 to \$1,000	2,341	1,586	945	666	965	760	960	736	221	168	5,432	3,916
Small Dollar Loan Program of \$1,001 to \$2,500	6,682	9,008	1,232	2,153	1,036	2,132	870	1,815	187	387	10,007	15,495
Johnstown Sewer Connection	2	8	1	3	0	0	0	0	0	0	3	11
Subtotal: Consumer Loan Programs	9,025	10,602	2,178	2,822	2,001	2,892	1,830	2,551	408	555	15,442	19,422
COVID-19 Deferments	0	0	0	0	0	0	0	0	7,636	1,453,698	7,636	1,453,698

Total	9,277	37,592	2,738	46,415	2,341	42,210	2,238	53,471	12,907	1,990,905	29,501	2,170,593
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Source: Bank Records. (*) Includes loan data from August 22, 2016 to December 31, 2016

The following highlights the various innovative and flexible lending programs offered by the bank.

Mortgage Loan Programs

- **First Time Homebuyers Program** – The bank introduced its first in-house loan program in November 2012. The program targets low- and moderate-income families and individuals throughout the assessment areas. Borrowers must not have owned a home within the prior three years and must complete a homebuyer class. For borrowers that meet certain income limitations, this program provides flexible credit score and down payment requirements with competitive interest rates and reduced bank fees.
- **Affordable Housing Loan Program** – The bank introduced another in-house loan program in April 2013, which also targets low- and moderate-income borrowers throughout the assessment areas who meet the qualifying income guidelines. The program offers flexible credit score and down payment parameters with competitive interest rates and reduced bank fees. Loans can be for either home purchase or refinance purposes.
- **Heroes Loan Program** – The bank created this in-house loan program in 2014 for qualifying applicants who are active military service members, reservists, honorably discharged veterans, and first responders. The program offers flexible credit score and down payment parameters with competitive interest rates and reduced bank fees. Loans can be for either home purchase or refinance purposes.
- **First Front Door Program** – The bank offers three to one down payment and closing cost assistance of up to \$5,000 through this Federal Home Loan Bank (FHLB) of Pittsburgh program, which targets low- and moderate-income families and individuals throughout the assessment areas. Borrowers must not have owned a home within the prior three years and must complete a homebuyer class.
- **Hometown Loan Program** The bank offers this in-house loan program for borrowers who meet either the qualifying first time homebuyer or low- to moderate-income guidelines. Borrowers must contribute 3 percent of the total cost of the property and must earn less than 80 percent of area median income. The bank permits second liens from grants such as the FHLB’s First Front Door Program.
- **HomeOne Loan Program** – The bank offers the HomeOne Loan Program in partnership with Freddie Mac. The HomeOne Loan Program is a low down payment option that serves the needs of qualified first-time homebuyers with no geographic or income restrictions.
- **Home Possible Loan Program** – The bank offers the Home Possible Loan Program in partnership with Freddie Mac and offers down payments as low as three percent for very low- to moderate-income homebuyers. The program also offers flexible down payment sources, term flexibility, refinance options, and income flexibility.

- **Habitat Loans – New Originations** – The bank approached the Habitat for Humanity in each assessment area to see if the bank could help with any liquidity needs of this organization. The bank offers to complete the loan documents and close the loans in either the bank’s name or the Habitat’s name, depending on the liquidity needs of the organization. The bank provides low- and moderate-income borrowers that meet the Habitat’s requirements with a zero percent interest rate loan with no down payment and no mortgage insurance requirement.
- **Habitat Loans – Purchased Existing** – The bank maintains ongoing relationships with several Habitat for Humanity organizations in their assessment areas. The bank purchases existing loans in Habitats’ portfolios to help with liquidity needs of these organizations.
- **NeighborWorks Loan Program** – The bank offers the NeighborWorks Loan Program that provides grant funds to eligible first time homebuyers in the Rochester/Buffalo market. Borrowers must contribute 3 percent of the total cost of the property, must earn less than 100 percent of area median income, and must attend homebuyer education and counseling classes. The grant amount is \$10,500 regardless of loan amount or borrower income, and grant is a zero percent loans that is due upon sale of the property. The bank has used this loan program in conjunction with Habitat loan originations.
- **Borough of State College First Time Homebuyer** – The bank participates in this mortgage loan program for first time homebuyers in the Borough of State College. Applicants must meet income eligibility requirements and must attend a homebuyer education course and post counseling class annually for the first five years of homeownership. The loan program provides a second mortgage from the Borough of State College up to 45 percent of the value of the property to a maximum of \$45,000 in gap financing or all closing costs.
- **City/County of Lebanon First Time Homebuyer** – The bank offers this fixed rate mortgage program for first time homebuyers in the City/County of Lebanon. Borrowers must contribute 3 percent of the total cost of the property, must earn between 40 and 80 percent of area median income, and must attend homebuyer education and counseling classes. Closing costs may come from a seller assist, First Front Door grant, or a gift from a family member. The City/County provides down payment assistance based on the need and income of the borrower, with assistance ranging from \$7,500 to \$12,000. The City/County funds deferred payment loans due upon the sale, transfer, or leasing of the property.
- **Centre County First Time Homebuyer** - The bank offers this fixed rate mortgage program for first time homebuyers that live or work in Centre County. Borrowers must contribute 3 percent of the total cost of the property and must earn between 60 and 100 percent of area median income. The County provides a loan of up to \$10,000 or 10 percent of purchase price (whichever is lower) that is payable when the house is resold, refinanced for more than the original purchase prices, or when the mortgage has been paid in full.
- **City of Johnstown First Time Homebuyer** - The bank offers this fixed rate mortgage program for first time homebuyers to purchase or rehabilitate properties in the City of Johnstown. Borrowers must contribute between 3 and 5 percent of the total cost of the property and must

earn less than 80 percent of area median income. The City provides a deferred second mortgage not to exceed \$20,000 at 0 percent for 10 years. An applicant may also apply for a closing cost assistance grant of up to \$3,000.

- **Loan Modifications** – The bank has a loan modification program for borrowers who are potentially facing foreclosure and do not qualify for traditional refinancing options. The program is to avoid foreclosure and provide affordable loan terms.

Government Loan Programs

- **SBA Loans** – The bank remains a certified lender with the Small Business Administration (SBA) and participates in the Loan Guaranty Program (7A). All funds are primarily for start-up business costs of companies whose annual sales are \$5.0 million or less and do not exceed \$6.0 million in tangible net worth. The bank SBA provides longer terms and amortization periods for small businesses than may be possible with conventional financing. Additionally, the guarantee of the SBA provides more flexible underwriting to qualify more borrowers.
- **FSA Loans** – The bank offers the USDA’s FSA guaranteed loans, direct loans, or land contract guarantees to family-sized farmers and ranchers to start, improve, expand, transition, market, and strengthen family farming and ranching opportunities.
- **FHA Loans** – The bank offers mortgage loans issued and insured by the FHA that allow homebuyers to make a minimal down payment, finance a portion of the closing costs, and qualify at higher debt ratios.
- **VA Loans** – The bank offers mortgage loans guaranteed by the VA that offer long-term financing to eligible American veterans or their surviving spouses. The basic intention of the VA loan program is to supply home financing to eligible veterans in areas where private financing is not generally available and to help veterans purchase properties with no down payment.
- **USDA Rural Housing Loans** - The USDA’s single-family housing programs provide homeownership opportunities to low- and moderate-income families residing in rural areas through several loan, grant, and loan guarantee programs. The programs also make funding available to individuals to finance vital improvements necessary to make their homes decent, safe, and sanitary.

Disaster Relief Loan Programs

- **Paycheck Protection Program** – In response to the COVID-19 pandemic, NWB participated in this SBA program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The SBA will forgive the loans if the business keeps all employees on the payroll for eight weeks and uses the money for payroll, rent, mortgage interest, or utilities.
- **COVID-19 Consumer Special Impact Program** – In response to the COVID-19 pandemic, the bank created this unsecured loan program that offers loan amounts between \$1,000 and

\$3,000 with terms from 12 to 24 months and with an interest rate of 5.99 percent. In addition, borrowers can delay the first payment date 90 days from loan closing. This program is for existing Northwest mortgage, home equity, consumer, and/or deposit customers only.

- **Government Shutdown Government Employee Pay Interruption Interest Only Note Program** – This unsecured loan program was available to affected government employees to respond to provide pay interruption hardship mitigation. Loan amounts from \$2,000 to \$10,000 were available. NWB offered a fixed loan interest rate of 1.99 percent, and there were no origination fees.

Consumer Loan Programs

- **Small Dollar Loan Program** – In November 2013, the bank introduced a special unsecured loan program for holiday expenses at an interest rate that was three percent lower than similar loan products. The base interest rate is 6.99 percent with no fees, and the loan amount cannot exceed \$2,500. The program offers 12- and 24-month terms. Standard underwriting parameters apply.
- **Johnstown Sewer Connection** – This unsecured loan program is available to residents of Ferndale Boro, Daisytown Boro, Richland Township, Geistown Boro, and the City of Johnstown, along with Ebensburg residents to fund sewer connection costs. The loan interest rate is 6 percent and there are no origination costs or bank fees.

Community Development Loans

NWB is a leader in making community development loans in each of its rated areas (Pennsylvania, New York, and Ohio). During the evaluation period, the bank originated 282 community development loans totaling approximately \$200.5 million. This level of activity represents 2.0 percent of average total assets (\$9,970,481) and 2.5 percent of average total loans (\$8,154,931). The following table illustrates the bank’s community development lending activity by rated area and by community development purpose. The bank originated 130 loans totaling \$130.0 million to create affordable housing in the combined assessment area. These loans demonstrate the bank’s responsiveness to this community development need identified by community contacts.

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Pennsylvania	60	32,691	95	26,240	10	5,322	8	21,738	173	85,991
New York	38	39,006	31	12,079	2	5,003	0	0	71	56,088
Ohio	31	50,171	6	105	0	0	0	0	37	50,276
Regional Activities	1	8,150	0	0	0	0	0	0	1	8,150
Nationwide Activities	0	0	0	0	0	0	0	0	0	0
Total	130	130,018	132	38,424	12	10,325	8	21,738	282	200,505
<i>Source: Bank Data</i>										

The number and dollar volume of community development loans exceeds the number made during the prior evaluation period. Specifically, NWB's prior evaluation included 103 community development loans totaling \$130.8 million, which represented 1.6 percent of average asset and 2.1 percent of average loans. Examiners also considered NWB a leader in making community development loans during the prior evaluation.

The bank's \$200.5 million in community development loans originated during the 46-month evaluation period is higher than the volume of community development loans originated by two similarly situated institutions that operate within Western PA. First Commonwealth Bank (FCB) is an \$8.3 billion (as of December 31, 2019) institution headquartered in Indiana, PA. According to FCB's most recent CRA Performance Evaluation dated March 23, 2020, the bank originated 95 community development loans totaling approximately \$150.8 million. Examiner considered FCB a leader in making community development loans. S&T Bank is a \$7.0 billion (as of December 31, 2017) institution also headquartered in Indiana, PA. According to S&T Bank's most recent CRA performance evaluation, dated April 30, 2018, the bank made 55 community development loans totaling \$124.8 million during a 41-month period. Examiners concluded that S&T Bank made a relatively high level of community development loans.

For details and examples of NWB's community development loans originated during the evaluation period, please refer to the Community Development Lending section under the assessment areas receiving full-scope reviews.

In 2019, NWB originated an \$8.5 million multifamily housing loan. The loan financed a building with 128 housing units located in Kenton County, Kentucky. The majority of housing units (108) have rents below the fair market rent for Kenton County. This loan promotes affordable housing. As the bank has been responsive to the community development needs of its combined assessment area, examiners considered this loan that benefits geographies or individuals located within a broader regional area.

INVESTMENT TEST

The Investment Test performance in the combined assessment area is rated "Outstanding." The Investment Test performance in the PA rated area supports this conclusion. The Investment Test performance in the OH and NY rated areas is below overall performance.

Investment and Grant Activity

NWB has an excellent level of qualified community development investment and grants. NWB made 590 qualified investments totaling approximately \$61.3 million. This total includes 94 new qualified investment totaling \$42.1 million, 30 outstanding qualified investments totaling \$14.3 million and 466 donations or grants totaling approximately \$4.9 million. This total equates to 0.6 percent of average total assets (\$10.0 billion) and 7.2 percent of average total securities (\$848,827). This is a significant increase from the previous evaluation, where investments totaled approximately \$37.9 million, representing 0.5 percent of average total assets and 3.8 percent of average total securities.

Qualified Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Pennsylvania	83	33,990	265	4,762	10	70	28	920	386	39,742
New York	25	8,408	89	813	12	82	6	16	132	9,319
Ohio	11	10,039	56	459	1	3	0	0	68	10,501
Regional Activities	4	1,769	0	0	0	0	0	0	4	1,769
Nationwide Activities	0	0	0	0	0	0	0	0	0	0
Total	123	54,206	410	6,034	23	155	34	936	590	61,331

Source: Bank Data;

New Investments

The majority of the bank's new qualified investments include mortgage-backed securities (MBSs) that benefit multiple assessment areas in the PA, NY, and OH rated areas. Within this CRA performance evaluation, examiners assign the number of MBSs to only one assessment area (the assessment area with the largest monetary benefit); however, examiners will distribute the dollar amount of the MBSs between multiple assessment areas.

During the review period, NWB purchased 16 MBSs. In 2016, the bank purchased three Government National Mortgage Association (GNMA) MBSs totaling \$8.6 million. In 2017, the bank purchased two GNMA and one Federal National Mortgage Association (FNMA) MBSs totaling \$9.1 million. In 2018, the bank purchased three FNMA, one GNMA and one Federal Home Loan Mortgage Corporation (FHLMC) MBSs totaling \$10.1 million. In 2019, the bank purchased five FNMA MBSs totaling \$11.0 million. All of these securities included mortgages originated to low- or moderate-income borrowers, and benefitting multiple assessment areas as detailed below.

PA Non-MSA - \$3,086,032
Pittsburgh, PA MSA - \$7,185,784
Erie, PA MSA - \$2,731,235
Lancaster, PA MSA - \$3,334,283
Harrisburg-York-Lebanon, PA CSA - \$4,305,828
State College, PA MSA - \$1,132,743
Johnstown, PA MSA - \$212,080
Williamsport, PA MSA - \$153,200
Youngstown, PA MSA - \$66,397
Buffalo-Cheektowaga, NY MSA - \$4,178,601
NY Non-MSA - \$131,440
Rochester, NY MSA - \$2,301,186
Cleveland-Akron-Canton, OH CSA - \$8,902,136
Regional Area (Maryland) - \$1,024,400

The bank made \$2.5 million of qualifying contributions to local schools through the Educational Improvement Tax Credit (EITC) Program. The PA Department of Community and Economic Development (PA DCED) offers this program, which assists low- and moderate-income youth with

the cost of attending school. Specifically, this CRA Performance Evaluation included grants through approved Opportunity Scholarship Organizations.

These organizations provide tuition assistance in the form of scholarships to eligible students residing within the boundaries of a low-achieving school to attend another public school outside of their district or nonpublic school. A low-achieving school is defined as a public elementary or secondary school ranking in the bottom 15 percent of their designation as an elementary or secondary school based upon combined math and reading Pennsylvania System of School Assessment (PSSA) scores. The EITCs benefitted multiple assessment areas as listed below:

PA Non-MSA - \$750,000
Pittsburgh, PA MSA - \$527,500
Erie, PA MSA - \$664,999
Lancaster, PA MSA - \$190,750
Harrisburg-York-Lebanon, PA CSA - \$74,250
Johnstown, PA MSA - \$124,000
Statewide PA - \$168,500

NWB also made in-kind donations totaling \$1.7 million that were not included in the investment totals. The bank provided origination and servicing fee waivers totaling \$337,750 on Habitat for Humanity loans. The bank also donated three properties with an estimated value of \$1.4 million and located in moderate-income census tracts within the Cleveland-Akron-Canton, OH CSA assessment area.

For details and examples of NWB's other outstanding and new community development investments and donations, please refer to the Investment and Grant Activity section under the assessment areas receiving full-scope review.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its combined assessment area. Management directed the majority of the bank's investments and grants within the combined assessment area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB's investments primarily include MBSs.

SERVICE TEST

The Service Test performance in the combined assessment area is rated "Outstanding." The Service Test performance in the PA and NY rated areas support this conclusion. The Service Test performance in the OH rated area is slightly below the overall performance.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the institution’s assessment areas. NWB serves the combined assessment area with 179 branches, including 122 in the PA rated area, 35 in the NY rated area, and 22 in the OH rated area. Most branch locations also have an Automated Teller Machine (ATM). NWB operates 214 total ATMs (173 full-service and 41 cash dispenser only) in the combined assessment area, including 141 in the PA rated area, 46 in the NY rated area, and 27 in the OH rated area. Customers also have access to more than 55,000 surcharge-free ATMs in the Allpoint network, including ATMs at retails like CVS, Rite Aid, Walgreens, Target, and Wegman’s.

Alternative delivery systems such as ATMs, as well as online, 24/7 automated telephone banking, text banking, and mobile banking, including A2A (which allows transfers to and from accounts at other banks), P2P (person-to-person) payments are available to increase accessibility of retail banking services. Additionally, NWB offers phone interpretation services, a three-way conversation with a human interpreter. The interpreter facilitates meaning-for-meaning communication between a limited-English proficient customer and NWB staff. The following table details the bank’s branching and ATM distribution. For additional information on the distribution of branches and ATMs, refer to the individual assessment areas under the Service Test.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	215	9.9	549,013	6.6	11	6.1	21	9.8
Moderate	376	17.4	1,145,870	13.8	25	14.0	28	13.1
Middle	1,106	51.1	4,515,684	54.4	102	57.0	114	53.3
Upper	433	20.0	2,034,346	24.5	39	21.8	49	22.9
NA	35	1.6	60,235	0.7	2	1.1	2	0.9
Total	2,165	100.0	8,305,148	100.0	179	100.0	214	100

Source: 2015 ACS Data & Bank Records

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate income individuals. During the review period, NWB acquired 31 branches (18 in New York and 13 in Pennsylvania), opened 2 branches (both in New York), closed 13 branches (8 in Pennsylvania, 3 in Maryland, and 2 in New York) and relocated 2 (both in New York). Of the 33 additional branches, two are located in low-income census tracts and four are located within moderate-income census tracts. Additional details are contained within the sections for the individual assessment areas.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment area(s), particularly low- and moderate-income geographies and/or individuals. Operating hours and services at the full service branches do not vary significantly from branch -to -

branch, and reflect the needs of the local communities they serve. The majority of branches offer drive-up facilities, extended hours on Friday, and weekend hours on Saturday.

Community Development Services

NWB is a leader of providing community development services within its combined assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. NWB also joined with a NY Community Reinvestment Coalition to help improve credit accessibility.

NWB has partnered with EVERFI, an international social impact education innovator, to provide scalable, online financial literacy scholars program to nearly 200 high schools and elementary schools across select counties in PA, NY, and OH. The majority of students attending these schools receive free or reduced-price lunches. The EVERFI “Financial Scholars” program is a combination of online learning and bank volunteers providing in-classroom instruction throughout the banks assessment areas which was launched in 2012. The course is provided at no cost to sponsored schools and organizations due to NWB’s financial investment. As part of the Financial Scholars program, NWB volunteers visit individual classrooms, in-person, to provide deeper learning opportunities around key financial education content.

NWB also provides a financial literacy program in conjunction with EVERFI that provides financial workshops to adult learners in the Buffalo, NY market and was launched in mid-2018. The EVERFI “Engage” financial education workshops cover topics curated by subject matter experts (bank employees) in personal finance, homeownership, and small business, allowing NWB to impact learners across community service, affordable housing, and economic development domains. NWB chose to focus on communities that are in the bank’s NY assessment area with a focus on low-to-moderate income census tracts.

Bank officers and employees provided community development services to approximately 505 schools and community development organizations in the bank’s combined assessment area during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by rated area and purpose. Additional details and specific examples are contained within the sections for the individual assessment areas.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Pennsylvania	1,107	22,715	780	1,116	25,718
New York	277	8,536	167	853	9,833
Ohio	139	2,479	0	24	2,642
Total	1,523	33,730	947	1,993	38,193
<i>Source: Bank Data</i>					

Other Community Development Services

- In response to the COVID-19 pandemic, during the month of April 2020, NWB did not charge any fees for the following consumer transactions:
 - Foreign ATM fees for customers and non-customers;
 - Early withdrawal penalties on certificates of deposits; and
 - Minimum balance fees on checking, money market, and health savings accounts.

In the bank's effort to ease financial burdens on consumers, a total of \$282,109 in fees were waived during the month. In addition, the bank waived the initial 30-day waiting period for new mobile banking customers to make remote deposits and has now implemented this change permanently.

- NWB provides Interest On Lawyers' Trust Accounts (IOLTA) to its customers. The purpose of the IOLTA is to provide funding for civil legal services for the poor, projects to improve the administration of justice, and education of laypersons in law-related areas. This program provides legal services, health care facilities, and youth centers targeted to low- and moderate-income individuals and families. As of June 23, 2020, NWB maintained 700 IOLTAs.
- NWB maintains 18 Family Savings Accounts. The accounts are part of a program supported by the Pennsylvania Department of Community and Economic Development. The program is a matched savings program with non-profits organizations. Participants must save at least \$10 a week and may receive up to \$2,000 in matching funds. The goal is to promote self-sufficiency. Participants can use matched funds to help finance the purchase of a new home or educational expenses or to develop a business. The bank has worked with at least nine different Pennsylvania organizations.
- NWB offers a "Second Chance" Checking account, a basic checking account offered to individuals that cannot open a regular account because of past banking mistakes, such as an account closed due to unpaid overdraft fees. The account intends to help the unbanked rebuild a banking relationship. The bank provides account holders with financial literacy information quarterly. As of June 23, 2020, NWB maintained 672 Second Chance checking accounts.
- NWB partners with the FHLB of Pittsburgh, which provides Affordable Housing Program (AHP) grants to FHLB members. The grants help the member partner with community developers and public agencies to develop affordable housing in local communities. The FHLB invests approximately ten percent of its net income to fund AHP each year. The FHLB awards grants to the projects that receive the highest scores up to \$650,000 per project until AHP funds are exhausted. These grants support the development of housing targeted to underserved populations that include very low-income households, individuals with special needs, homeless individuals, and veterans.

A FHLB member must sponsor an application for the AHP grants and loans, and the sponsor bank must approve the request. From August 22, 2016, through December 31, 2019, NWB sponsored 13 applications of which the FHLB awarded funding for 7 projects totaling \$2.9 million. NWB sponsored 3 approved projects with grants totaling \$941,043 in the PA Non-MSA assessment area, 1 project with grants totaling \$193,415 in the Erie, PA MSA assessment area; 1 project with grants totaling \$650,000 in the Buffalo-Cheektowaga, NY MSA assessment area, and 1 project with grants totaling \$1.1 million in the Statewide NY area.

- Throughout the bank's footprint, the bank annually participates in America Saves week. America Saves is an initiative of the Consumer Federation of America (CFA), a non-profit, pro-consumer organization of over 270 consumer education, advocacy, and cooperative members. America Saves encourages individuals and families to take the America Saves pledge, a tool that empowers them to commit to save successfully with a plan. Financial toolkits for each day are provided by CFA, these are displayed through digital marketing on screens within each branch lobby. Information on savings for retirement, debt reduction, unexpected expenses, and saving as a family are topics included.
- The bank annually participates in ABA's "Teach Children to Save Day". This is a national program in which bankers volunteer and support activities to help young people develop early savings habit and learn about banking. Volunteers throughout the regions provide presentations within grade school classrooms and children's booklets with math and coloring activities are available for print in all branches.
- NWB has a community room located in the Warren office that is free to use by community organizations. Organizations sign up in coordination with the bank's facilities department. Examples of organizations that use the room regularly are Habitat for Humanity, House of Hope, First Harvest Food Bank, Beech Street Funding Grant, CASA Fund Development Committee, and Warren Human Service.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence discriminatory or other illegal credit practices; therefore, this consideration did not affect the bank's overall CRA rating.

PENNSYLVANIA

CRA RATING FOR PENNSYLVANIA: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: Outstanding

DESCRIPTION OF INSTITUTION'S OPERATIONS IN PENNSYLVANIA

The evaluation for the State of PA considered the bank operations in the following nine assessment areas: PA Non-MSA; Pittsburgh, PA MSA; Erie, PA MSA; Lancaster, PA MSA; Harrisburg-Lebanon-Carlisle, PA CSA; Johnstown, PA MSA; State College, PA MSA; Williamsport, PA MSA; and Youngstown, PA MSA. Collectively, the nine assessment areas are referred to as the PA rated area. Seven counties in the PA Non-MSA assessment area have middle-income underserved or distressed tracts. Additionally, there were two designated disasters that impacted three counties in the PA rated area.

The PA rated area includes 1,394 census tracts. The demographics of these census tracts include:

- 110 low-income tracts
- 250 moderate-income tracts
- 771 middle-income tracts
- 242 upper-income tracts
- 21 census tracts with no income designation

The following table illustrates select demographic characteristics of the PA rated area. Additional details for each assessment area are contained within the sections for the individual assessment areas.

Demographic Information of the Assessment Area						
Rated Area: Pennsylvania						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,394	7.9	17.9	55.3	17.4	1.5
Population by Geography	5,272,668	4.9	13.9	60.2	20.2	0.7
Housing Units by Geography	2,389,566	5.3	15.5	60.3	18.7	0.3
Owner-Occupied Units by Geography	1,487,386	2.3	11.4	63.8	22.5	0.0
Occupied Rental Units by Geography	633,075	10.8	23.0	51.8	13.6	0.8
Vacant Units by Geography	269,105	8.7	20.2	60.7	10.0	0.5
Businesses by Geography	365,790	5.1	13.1	55.0	26.1	0.7
Farms by Geography	12,444	1.2	6.6	72.6	19.6	0.1
Family Distribution by Income Level	1,361,633	20.0	18.2	21.6	40.3	0.0
Household Distribution by Income Level	2,120,461	24.0	16.2	18.0	41.8	0.0
Median Family Income MSA - 21500 Erie, PA MSA		\$58,746	Median Housing Value			\$138,730
Median Family Income MSA - 23900 Gettysburg, PA MSA		\$70,344	Median Gross Rent			\$765
Median Family Income MSA - 25420 Harrisburg-Carlisle, PA MSA		\$71,723	Families Below Poverty Level			8.7%
Median Family Income MSA - 27780 Johnstown, PA MSA		\$55,933				
Median Family Income MSA - 29540 Lancaster, PA MSA		\$68,937				
Median Family Income MSA - 30140 Lebanon, PA MSA		\$65,676				
Median Family Income MSA - 38300 Pittsburgh, PA MSA		\$69,624				
Median Family Income MSA - 44300 State College, PA MSA		\$74,118				
Median Family Income MSA - 48700 Williamsport, PA MSA		\$60,191				
Median Family Income MSA - 49620 York-Hanover, PA MSA		\$69,846				
Median Family Income MSA - 49660 Youngstown-Warren-Boardman, OH- PA MSA		\$55,174				
Median Family Income Non-MSAs - PA		\$56,172				
<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>						

SCOPE OF EVALUATION – PENNSYLVANIA

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within PA. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. This state accounts for the largest portion of lending and other activities compared to NY and OH; therefore, performance in PA carries the most weight in arriving at overall ratings and conclusions. Due to the larger volume of lending, deposits, and branches, the bank's performance in the PA Non-MSA assessment area accounts for the most weight, followed by its performance in the Pittsburgh, PA MSA assessment area and Erie, PA MSA assessment area, when arriving at overall conclusions for the PA rated area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PENNSYLVANIA

LENDING TEST

The bank's Lending Test performance in PA is rated "Outstanding." This rating is driven primarily by performance in the PA Non-MSA assessment area. The bank's performance in the remaining full-scope PA assessment areas is consistent with the overall rating.

Lending Activity

The bank's lending levels reflect excellent responsiveness to the PA rated area credit needs. For 2018 and 2019, NWB originated 9,410 home mortgage loans totaling approximately \$1.2 billion, 1,233 small business loans totaling approximately \$202.2 million, 341 small farm loans totaling approximately \$33.5 million, and 1,107 other loans secured by real estate totaling \$58.1 million. During the review period, the bank's home mortgage lending activity increased, while small business, small farm, and other real estate secured loan activity remained stable.

Geographic Distribution

Geographic distribution of loans reflects good penetration throughout the PA rated area. The bank's good performance of home mortgage lending within the PA Non-MSA; Erie, PA MSA; and Lancaster, PA MSA assessment areas primarily supports this conclusion.

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different revenue sizes in the PA rated area. The bank's good performance of home mortgage lending in the PA Non-MSA and Erie, PA MSA assessment areas primarily supports this conclusion.

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area. The First Front Door, Borough of State College First Time Homebuyer, City of Lebanon First Time Homebuyer, Centre County First Time Homebuyer, City of Johnstown First Time Homebuyer, and Johnstown Sewer Connection programs are specific to the PA rated area.

Community Development Loans

NWB is a leader in making community development loans within the PA rated area, particularly within the PA Non-MSA assessment area. During the review period, NWB made 173 qualified community development loans totaling \$86.0 million. By number and dollar volume, this level represents 61.3 and 42.9 percent of the bank-wide qualified community development loan activity.

The dollar volume of community development loans originated within the PA rated area is below that of the prior evaluation period. Specifically, NWB’s prior evaluation included 89 community development loans totaling \$110.9 million within the PA rated area. The following table illustrates the bank’s community development lending activity by PA assessment area and by community development purpose. As shown, there are some PA assessment areas with limited or no qualified community development activity. Performance within the Lancaster, PA MSA assessment area was below that of other full-scope assessment areas.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
PA Non-MSA	13	2,725	33	9,895	6	1,920	7	21,713	59	36,253
Pittsburgh, PA MSA	17	6,057	35	10,576	0	0	0	0	52	16,633
Erie, PA MSA	18	13,370	22	5,652	0	0	1	25	41	19,047
Lancaster, PA MSA	1	427	0	0	0	0	0	0	1	427
Harrisburg-York-Lebanon PA CSA	2	489	1	20	1	2	0	0	4	511
State College, PA MSA	7	5,610	2	32	3	3,400	0	0	12	9,042
Johnstown, PA MSA	2	4,013	2	65	0	0	0	0	4	4,078
Williamsport, PA MSA	0	0	0	0	0	0	0	0	0	0
Youngstown, PA MSA	0	0	0	0	0	0	0	0	0	0
Statewide Activities	0	0	0	0	0	0	0	0	0	0
Regional Activities	0	0	0	0	0	0	0	0	0	0
Total	60	32,691	95	26,240	10	5,322	8	21,738	173	85,991

Source: Bank Data

For details and examples of NWB’s community development loans originated during the evaluation period, please refer to the Community Development Lending section under the assessment areas receiving full-scope review.

INVESTMENT TEST

The bank’s Investment Test performance in PA is rated “Outstanding.” This rating is driven primarily by performance in the Pittsburgh, PA MSA assessment area. The bank’s performance in the remaining full-scope PA assessment areas is consistent with the overall rating.

Investment and Grant Activity

NWB has an excellent level of qualified community development investments and donations in the PA rated area. NWB made qualified investments and donations totaling \$39.7 million. By number

and dollar volume, this level represents 65.4 and 64.8 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the PA rated area exceeds that of the prior evaluation period. Specifically, NWB’s prior evaluation included 448 community development investments and grants totaling \$25.2 million within the PA rated area. The following table illustrates the bank’s qualified investments and donations activity by assessment area and community development purpose. Additional details by year are contained within the sections for the individual assessment areas.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
PA Non-MSA	12	6,757	54	1,444	5	46	8	511	79	8,758
Pittsburgh, PA MSA	16	11,252	65	1,308	2	1	7	46	90	12,607
Erie, PA MSA	2	2,732	75	1,386	2	22	12	358	91	4,498
Lancaster, PA MSA	5	3,373	25	336	0	0	1	5	31	3,714
Harrisburg-York-Lebanon PA CSA	17	4,799	19	112	0	0	0	0	36	4,911
State College, PA MSA	6	1,147	15	31	0	0	0	0	21	1,178
Johnstown, PA MSA	5	462	10	138	1	1	0	0	16	601
Williamsport, PA MSA	3	160	0	0	0	0	0	0	3	160
Youngstown, PA MSA	*	66	2	7	0	0	0	0	2	73
Statewide Activities	17	3,242	0	0	0	0	0	0	17	3,242
Regional Activities	0	0	0	0	0	0	0	0	0	0
Total	83	33,990	265	4,762	10	70	28	920	386	39,742

*Source: Bank Data; * MBS number counted in Pittsburgh, PA MSA assessment area*

Prior Period Investments

- NWB maintains 17 GNMA and FNMA MBSs totaling \$3.2 million that benefitted low- and moderate-income families within the PA rated area. Examiners were unable to attribute these MBSs to a particular assessment area and included these as statewide activities.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its PA rated area. Management directed the majority of the bank’s investments and grants within the PA rated area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB’s investments primarily include MBSs.

SERVICE TEST

The bank’s Service Test performance in PA is rated “Outstanding.” This rating is driven primarily by performance in the PA Non-MSA assessment area; Pittsburgh, PA MSA assessment area; and the Erie, PA MSA assessment area. The bank’s performance in the remaining PA assessment areas is below the overall rating.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the institution’s assessment area. NWB serves the PA rated area with 122 branches, including 46 in the PA Non-MSA assessment area; 26 in the Pittsburgh, PA MSA assessment area; 16 in the Erie, PA MSA assessment area; 15 in the Lancaster, PA MSA assessment area; 8 in the Harrisburg-York-Lebanon, PA CSA assessment area; 5 in the State College, PA MSA assessment area; 4 in the Johnstown, PA MSA assessment area; 1 in the Williamsport, PA MSA assessment area; and 1 in the Youngstown, PA MSA assessment area. The following table details the bank’s branching and ATM distribution. For additional information on the distribution of branches and ATMs, refer to the individual assessment areas under the Service Test.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	110	7.9	260,489	4.9	5	4.1	8	5.7
Moderate	250	17.9	733,952	13.9	16	13.1	18	12.8
Middle	771	55.3	3,173,008	60.2	78	64.0	90	63.8
Upper	242	17.4	1,065,825	20.2	22	18.0	24	17.0
NA	21	1.5	39,394	0.7	1	0.8	1	0.7
Total	1,394	100.0	5,272,668	100.0	122	100.0	141	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for PA are consistent with the institution overall.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate income individuals. During the review period, NWB acquired 13 branches in Pennsylvania (12 in middle-income areas and 1 in an upper-income area) and closed 8 branches in Pennsylvania (1 in a low-income area, 1 in moderate-income areas, 5 in middle-income areas and 1 in an upper-income areas). Additional details are contained within the sections for the individual assessment areas.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s PA assessment areas, particularly low- and moderate-income geographies and/or individuals. Operating hours and services at the branches do not vary significantly from branch -to -branch and

reflect the needs of the local communities they serve. Branch hours are convenient and comparable to other local financial institutions operating within each assessment area.

Community Development Services

NWB is a leader in providing community development services within its PA assessment areas. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. NWB also partnered with EVERFI to provide online financial education programs to students across 13 different PA Counties. Bank officers and employees provided community development services to approximately 310 schools and community development organizations in the bank’s PA assessment areas during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by assessment area and purpose. Additional details and specific examples are contained within the sections for the individual assessment areas.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
PA Non-MSA	580	6,575	492	279	7,926
Pittsburgh, PA MSA	66	4,738	144	350	5,298
Erie, PA MSA	329	8,492	96	230	9,147
Lancaster, PA MSA	18	22	0	0	40
Harrisburg-York-Lebanon PA CSA	24	2,772	0	1	2,797
State College, PA MSA	78	60	0	0	138
Johnstown, PA MSA	0	56	48	256	360
Williamsport, PA MSA	12	0	0	0	12
Youngstown, PA MSA	0	0	0	0	0
Total	1,107	22,715	780	1,116	25,718
<i>Source: Bank Data</i>					

PA NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PA NON-MSA ASSESSMENT AREA

Economic and Demographic Data

The PA Non-MSA assessment area includes Cameron, Clarion, Clearfield, Clinton, Crawford, Elk, Forest, Huntingdon, Jefferson, Juniata, Indiana, Lawrence, McKean, Mifflin, Potter, Tioga, Venango, and Warren Counties in their entireties. In addition, the assessment area includes 7 of 21 census tracts in Somerset County. There have been no changes to this assessment area since the previous CRA evaluation.

There was one designated disaster for severe storms and flooding that impacted Tioga County in 2019. The PA Non-MSA assessment includes seven counties with middle-income distressed or underserved census tracts. These designations change annually. In 2017, all of Cameron, Fulton, and Juniata Counties were considered underserved. All of Cameron and Potter Counties, 18 of 20 census tracts in Clearfield County, and 2 of 3 census tracts in Forest County were considered distressed. In 2018, all of Cameron and Fulton Counties were considered underserved. All of Cameron and Potter Counties, 2 of 3 census tracts in Forest County and 18 of 23 census tracts in Indiana County were considered distressed. In 2019, all of Cameron, Fulton, and Juniata Counties were considered underserved. All of Cameron County and 2 of 3 census tracts in Forest County were considered distressed.

The PA Non-MSA assessment area includes 232 census tracts. The demographics of these census tracts include:

- 6 low-income tracts
- 19 moderate-income tracts
- 194 middle-income tracts
- 12 upper-income tracts
- 1 tract with no income designation

The following table illustrates select demographic characteristics of the PA Non-MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: PA Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	232	2.6	8.2	83.6	5.2	0.4
Population by Geography	856,615	1.8	5.7	86.5	5.4	0.6
Housing Units by Geography	429,151	1.8	6.3	87.0	4.7	0.1
Owner-Occupied Units by Geography	253,077	0.8	4.8	88.7	5.6	0.0
Occupied Rental Units by Geography	87,360	5.4	9.7	79.6	4.8	0.4
Vacant Units by Geography	88,714	1.2	7.3	89.4	1.9	0.2
Businesses by Geography	48,096	3.7	5.7	84.0	6.4	0.2
Farms by Geography	2,466	0.3	1.6	92.8	5.3	0.0
Family Distribution by Income Level	224,870	19.8	19.0	22.7	38.4	0.0
Household Distribution by Income Level	340,437	24.5	16.8	18.6	40.2	0.0
Median Family Income Non-MSAs - PA		\$56,172	Median Housing Value			\$100,236
			Median Gross Rent			\$616
			Families Below Poverty Level			10.2%
<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>						

Based on 2015 ACS Census data, there are 429,151 housing units in the assessment area. Of these housing units, 59.0 percent are owner-occupied, 20.3 percent are occupied rental units, and 20.7 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are no owner-occupied housing units in the census tract without an income designation.

Examiners used the 2018 and 2019 FFIEC-updated MFI to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
PA NA Median Family Income (99999)				
2018 (\$60,500)	<\$30,250	\$30,250 to <\$48,400	\$48,400 to <\$72,600	≥\$72,600
2019 (\$63,200)	<\$31,600	\$31,600 to <\$50,560	\$50,560 to <\$75,840	≥\$75,840
<i>Source FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2019 D&B data, there were 48,096 non-farm businesses. GARs for these businesses are below.

- 80.0 percent have \$1 million or less
- 6.0 percent have more than \$1 million
- 14.0 percent have unknown revenues

For 2019, service industries represent the largest portion of businesses at 39.5 percent; followed by retail trade (14.5 percent); non-classifiable establishments (9.7 percent), and construction (7.5 percent). In addition, 65.8 percent of area businesses have four or fewer employees and 86.5 percent operate from a single location.

Competition

The bank's PA Non-MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 39 financial institutions that operated 323 full-service branches within the bank's PA Non-MSA assessment area. Of these institutions, NWB ranked 1st with a 14.6 percent deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 358 lenders reported 16,281 home mortgage loans originated or purchased. NWB ranked 1st out of this group of lenders, with a market share of 8.9 percent by number of loans.

There is a moderate level of competition for small business loans within the bank's PA Non-MSA assessment area. In 2018, 98 lenders reported 11,473 small business loans originated or purchased. NWB ranked 16th out of this group of lenders, with a market share of 2.2 percent. The three most prominent small business lenders, all credit card lenders, accounted for 28.5 percent of total market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic data, the bank's PA Non-MSA assessment area has specific credit and community development needs. Demand for affordable housing and other community support exist throughout the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PA NON-MSA ASSESSMENT AREA

LENDING TEST

NWB demonstrated excellent performance under the Lending Test. The Lending Activity, and Community Development criterion performance supports this conclusion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to the PA Non-MSA assessment area credit needs. For 2018 and 2019, NWB originated 3,037 home mortgage loans totaling

approximately \$246.0 million, 494 small business loans totaling approximately \$77.1 million, 174 small farm loans totaling approximately \$16.6 million, and 388 other loans secured by real estate totaling \$22.1 million. During the review period, the bank's home mortgage, small business, small farm, and other real estate secured loan activity remained stable.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the PA Non-MSA assessment area. The bank's good performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of home mortgage loans in low-income census tracts was comparable to aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in low-income census tracts, and the bank's performance was below demographic data. The geographic distribution of home mortgage loans in moderate-income census tracts exceeded aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in moderate-income census tracts, and the bank's performance was below demographic data.

In 2018 the bank ranked 1st (9.4 percent market share) out of 44 lenders who originated and/or purchased 117 loans totaling \$7.7 million to low-income borrowers located within in this assessment area. This level of lending reflects good performance. In 2018 the bank ranked 1st (9.7 percent market share) out of 108 lenders who originated and/or purchased 703 loans totaling \$48.6 million to moderate-income borrowers located within in this assessment area. This level of lending reflects good performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: PA Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.8	0.7	11	0.8	903	0.8
2019	0.8	--	5	0.3	383	0.3
Moderate						
2018	4.8	4.3	68	4.7	3,785	3.4
2019	4.8	--	53	3.3	3,443	2.5
Middle						
2018	88.7	87.7	1,271	87.6	97,801	88.7
2019	88.7	--	1,420	89.5	122,547	90.3
Upper						
2018	5.6	7.3	101	7.0	7,809	7.1
2019	5.6	--	108	6.8	9,355	6.9
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	1,451	100.0	110,298	100.0
2019	100.0	--	1,586	100.0	135,728	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Examiners compared the bank's small business lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of small business loans in low-income census tracts was above aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in low-income census tracts; however, the bank's performance exceeded demographic data. The geographic distribution of small business loans in moderate-income census tracts exceeded aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in moderate-income census tracts, and the bank's performance was below demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: PA Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	3.9	3.2	23	9.2	3,896	10.8
2019	3.7	--	11	4.5	2,491	6.1
Moderate						
2018	5.8	4.2	11	4.4	1,154	3.2
2019	5.7	--	10	4.1	1,630	4.0
Middle						
2018	83.8	85.8	210	84.3	29,985	83.2
2019	84.0	--	215	87.8	34,752	84.7
Upper						
2018	6.3	6.7	5	2.0	1,008	2.8
2019	6.4	--	9	3.7	2,180	5.3
Not Available						
2018	0.2	0.1	0	0.0	0	0.0
2019	0.2	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	249	100.0	36,043	100.0
2019	100.0	--	245	100.0	41,053	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The geographic distribution of other real estate secured loans reflects good penetration throughout the assessment area. Examiners compared the bank’s other real estate secured lending to demographic data.

As shown in the following table, the geographic distribution of other real estate secured loans in low-income census tracts exceeded demographic data in 2018 and was below demographic data in 2019. The geographic distribution of other real estate secured loans in moderate-income census tracts exceeded demographic data in both 2018 and 2019.

Geographic Distribution of Other Real Estate Secured Loans					
Assessment Area: PA Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	3.9	8	4.5	1,348	12.6
2019	3.7	3	1.4	115	1.0
Moderate					
2018	5.8	12	6.8	280	2.6
2019	5.7	14	6.6	382	3.3
Middle					
2018	83.8	150	84.7	8,488	79.4
2019	84.0	192	91.0	10,903	95.3
Upper					
2018	6.3	7	4.0	571	5.3
2019	6.4	2	0.9	35	0.3
Not Available					
2018	0.2	0	0.0	0	0.0
2019	0.2	0	0.0	0	0.0
Totals					
2018	100.0	177	100.0	10,687	100.0
2019	100.0	211	100.0	11,435	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes in the PA Non-MSA assessment area. The bank's good performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage by number of small business loans to businesses with Gross Annual Revenues (GARs) of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is good. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the distribution of home mortgage loans to low-income borrowers was comparable to aggregate lending data in 2018. In 2019, the bank increased the percentage of lending to low-income borrowers. The bank's level of lending activity is below demographic data

in both years; however, a low-income family in the assessment area, with an income less than \$31,600, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$100,236.

In 2018, the distribution of home mortgage loans to moderate-income borrowers is comparable to aggregate lending data. In 2019, the bank increased the percentage of lending to moderate-income borrowers, and the bank’s performance exceeded demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: PA Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	19.8	9.1	128	8.8	5,536	5.0
2019	19.8	--	156	9.8	7,364	5.4
Moderate						
2018	19.0	20.7	304	21.0	17,820	16.2
2019	19.0	--	353	22.3	22,772	16.8
Middle						
2018	22.7	23.6	379	26.1	26,875	24.4
2019	22.7	--	386	24.3	30,410	22.4
Upper						
2018	38.4	37.3	550	37.9	50,407	45.7
2019	38.4	--	605	38.1	64,271	47.4
Not Available						
2018	0.0	9.3	90	6.2	9,659	8.8
2019	0.0	--	86	5.4	10,911	8.0
Totals						
2018	100.0	100.0	1,451	100.0	110,298	100.0
2019	100.0	--	1,586	100.0	135,728	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s small business lending to demographic and aggregate lending data.

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million exceeds aggregate lending data in 2018; however, the bank’s

performance is below demographic data. In 2019, the bank increased lending to businesses with GARs less than or equal to \$1 million, but remained below demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: PA Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	78.7	45.0	170	68.3	18,511	51.4
2019	80.0	--	175	71.4	23,656	57.6
>1,000,000						
2018	6.6	--	76	30.5	17,476	48.5
2019	6.0	--	67	27.3	17,181	41.9
Revenue Not Available						
2018	14.8	--	3	1.2	56	0.2
2019	14.0	--	3	1.2	216	0.5
Totals						
2018	100.0	100.0	249	100.0	36,043	100.0
2019	100.0	--	245	100.0	41,053	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The distribution of other real estate secured loans reflects adequate penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s other real estate secured lending to demographic data

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million is significantly below demographic data in both 2018 and 2019; however, the bank reported a large number of loans with GARs not available, particularly in 2019.

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: PA Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	78.7	105	59.3	3,703	34.7
2019	80.0	90	42.7	2,769	24.2
>1,000,000					
2018	6.6	45	25.4	6,354	59.5
2019	6.0	46	21.8	7,414	64.8
Revenue Not Available					
2018	14.8	27	15.3	630	5.9
2019	14.0	75	35.5	1,252	10.9
Totals					
2018	100.0	177	100.0	10,687	100.0
2019	100.0	211	100.0	11,435	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area.

Community Development Loans

NWB is a leader in making community development loans in the PA Non-MSA assessment area. The number and dollar volume of community development loans has increased since the previous evaluation. Specifically, NWB's prior evaluation included 24 community development loans totaling approximately \$6.4 million during a 39-month period compared to the current evaluation, the bank originated 59 community development loans totaling \$36.2 million. The following table illustrates the bank's community development lending activity in the PA-Non MSA assessment area by activity year and by community development purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/22/2016-12/31/2016	1	264	4	330	0	0	0	0	5	594
2017	3	250	11	6,389	0	0	3	1,055	17	7,694
2018	4	771	7	635	3	820	1	300	15	2,526
2019	4	1,358	8	339	3	1,100	2	20,008	17	22,805
1/1/2020-6/29/2020	1	82	3	2,202	0	0	1	350	5	2,634
Total	13	2,725	33	9,895	6	1,920	7	21,713	59	36,253

Source: Bank Data

The following originations are a sample of community development loans made to organizations and corporations that benefit the PA Non-MSA assessment area.

- In 2019, NWB was the lead bank on two participation loans to a cable and internet provider that owns, operates, and manages various broadband sectors in rural locations, primarily Cameron, McKean, and Potter Counties. Both Cameron and Potter Counties were considered underserved and/or distressed during the review period, and the majority of the market is limited to much slower DSL, dial-up, or satellite access. Again, in 2020, NWB was the lead bank in one participation loan to the same borrower. The purpose of the three loans was to refinance existing indebtedness. NWB funded \$20.4 million of the total three transactions. This loan revitalizes and stabilizes an underserved and/or distressed middle-income area.
- In 2017, NWB originated a \$6.1 million construction loan. The borrower used loan proceeds to construct/improve operations which include a 176 bed nursing facility, 65 personal care apartments, adult day care services, and a child care center in Warren County. The project utilized Pennsylvania Industrial Development Authority financing which is available to eligible businesses that commit to creating full-time jobs and development of multi-tenant facilities. In 2020, NWB originated a \$2.0 million line of credit to this same borrower to bridge the gap between Medicaid subsidies and intergovernmental transfer program costs related to the facilities. Over 50 percent of facility residents receive Medicaid or VA assistance. These loans provide community services targeted to low- and moderate-income individuals.
- In 2018, NWB originated a \$300,000 line of credit to fund the construction of a housing project approved under the Pennsylvania Department of Community and Economic Development's Neighborhood Partnership Program (NPP). The project acquired and demolished 12 blighted properties and constructed new housing in the Second Ward neighborhood in a low-income census tract in Bradford, PA. The NPP includes long-term collaborations of business, government, and community leaders to produce a comprehensive, asset-based, and relationship-driven approach to community development. This loan revitalized/stabilized a low- or moderate-income area.

INVESTMENT TEST

NWB demonstrated excellent performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

NWB has an excellent level of qualified donations and grants. During the review period, NWB maintained and purchased equity investments totaling \$7.7 million that benefitted low- and moderate-income families within the PA Non-MSA assessment area and 61 qualified donations totaling \$1.0 million. The dollar volume of community development investments and grants has increased since the previous evaluation. Specifically, NWB's prior evaluation included community development investments and grants totaling approximately \$3.0 million during a 39-month period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	3,645	0	0	0	0	0	0	1	3,645
8/22/2016-12/31/2016	0	0	2	78	0	0	1	100	3	178
2017	*	333	3	110	0	0	1	100	4*	543
2018	1*	2,573	2	100	0	0	1	100	4*	2,773
2019	*	180	2	125	0	0	1	100	3*	405
1/1/2020-6/29/2020	0	0	2	100	0	0	1	100	3	200
Subtotal	2*	6,731	11	513	0	0	5	500	18*	7,744
Qualified Grants & Donations	10	26	43	931	5	46	3	11	61	1,014
Total	12*	6,757	54	1,444	5	46	8	511	79	8,758

*Source: Bank Data; * MBS number counted in another assessment area*

Prior Period Investments

- NWB maintains a \$3.6 million investment from 2009 in a Low-Income Housing Tax Credit for an affordable housing project located in a middle-income census tract in Lock Haven, PA (Clinton County). The project includes 20 apartments for senior citizen households that earn less than 50 or 60 percent of the area median income.

New Investments

- During the review period, NWB purchased GNMA, FNMA, and FHLMC MBSs totaling \$3.1 million that benefitted low- and moderate-income families within the PA Non-MSA assessment area.
- During the review period, NWB purchased 16 Neighborhood Assistance Program (NAP) tax credits totaling \$1.0 million that benefitted the PA Non-MSA assessment area. The NAP tax credit program encourages businesses to invest in projects that improve distressed areas or support neighborhood conservation. Projects must fall under one of the following categories: affordable housing programs, community services, crime prevention, education,

job training, or neighborhood assistance. The bank invested in projects that provide community services targeted to low- and moderate-income individuals and that revitalize/stabilize a low- or moderate-income area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$16,150 to EverFi, a financial education program, to schools in the PA Non-MSA assessment area during the exam period.
- The bank donated \$40,000 to an organization that provides behavioral health and specialized education services to children, adults, and families with mental illness and developmental disabilities. The majority of individuals and families benefiting from these services are considered low- and moderate-income.
- The bank donated \$25,500 to the McKean, Warren, Huntingdon, and Potter County branches of a nationwide organization assisting low-income individuals with affordable housing.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its PA Non-MSA assessment area. Management directed the majority of the bank's investments and grants within the PA Non-MSA assessment area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB's investments primarily include MBSs.

SERVICE TEST

NWB demonstrated excellent performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of the institution's assessment area. NWB serves the PA Non-MSA assessment area with 46 branches, 45 full-service ATMs, and 8 cash dispensing only ATMs. The following table details the bank's branching and ATM distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	6	2.6	15,203	1.8	3	6.5	4	7.5
Moderate	19	8.2	49,169	5.7	6	13.0	8	15.1
Middle	194	83.6	740,719	86.5	35	76.1	39	73.6
Upper	12	5.2	46,494	5.4	2	4.4	2	3.8
NA	1	0.4	5,030	0.6	0	0.0	0	0.0
Total	232	100.0	856,615	100.0	46	100.0	53	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for the assessment area are superior to the institution overall. The percentage of NWB branches in both low- and moderate-income census tracts are significantly above the census tract and population distribution.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate income individuals. During the review period, NWB closed its Meadville Drive Thru located in a low-income census tract; however, the Meadville Branch remains open.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s AA, particularly low- and moderate -income geographies and/or individuals. Operating hours and services at the branches do not vary significantly from branch-to-branch and reflect the needs of the local communities they serve. Branch hours are convenient and comparable to other local financial institutions operating within this area.

Community Development Services

NWB is a leader in providing community development services within its PA Non-MSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. NWB also partnered with EVERFI to provide online financial education programs to high schools and elementary schools in this assessment area and NWB allocated 5,376 hours to this community service during the review period. Bank officers and employees provided community development services to more than 78 schools and community development organizations in the bank’s PA Non-MSA assessment area during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by activity year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/23/2016 – 12/31/2016	6	1,350	0	0	1,356
2017	210	1,852	0	207	2,269
2018	216	1,628	252	48	2,144
2019	148	1,745	240	24	2,157
1/1/2020 – 6/29/2020	0	0	0	0	0
Total	580	6,575	492	279	7,926
<i>Source: Bank Data</i>					

The following are representative examples of community development service activity in the PA Non-MSA assessment area.

- **Titusville Redevelopment Authority (TRA)** – A bank employee serves as a member on the Board of Directors for this organization. TRA is part of Titusville Community Development Agencies. TRA is focused on blight removal and promoting the growth and health of the commercial and industrial community by managing state and federal grants for area businesses. Additionally, the City's Community Development Block Grant Program has been administered by the Authority since its inception.
- **Titusville Housing Authority** – A bank employee serves as a member on the Board of Directors for this organization. The Housing Authority works to provide decent, safe and affordable housing to low-income residents of the City of Titusville, PA. They offer a variety of programs including Section 8 Housing choice voucher program, public housing for families, and housing for elderly and disabled individuals.

PITTSBURGH, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PITTSBURGH, PA MSA ASSESSMENT AREA

Economic and Demographic Data

The Pittsburgh, PA MSA assessment area includes Allegheny, Armstrong, Beaver, Butler, Washington, and Westmoreland Counties in their entireties. NWB added Beaver and Westmoreland Counties to this assessment area since the previous CRA evaluation.

The Pittsburgh, PA MSA assessment area includes 675 census tracts. The demographics of these census tracts include:

- 58 low-income tracts
- 153 moderate-income tracts
- 301 middle-income tracts
- 148 upper-income tracts
- 15 tracts with no income designation

The following table illustrates select demographic characteristics of the Pittsburgh, PA MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Pittsburgh, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	675	8.6	22.7	44.6	21.9	2.2
Population by Geography	2,224,075	5.0	18.1	48.7	27.7	0.6
Housing Units by Geography	1,041,806	5.9	20.2	48.7	25.1	0.1
Owner-Occupied Units by Geography	652,378	2.7	15.3	52.0	30.0	0.0
Occupied Rental Units by Geography	285,147	10.8	27.7	43.5	17.6	0.4
Vacant Units by Geography	104,281	12.5	30.4	42.2	14.6	0.3
Businesses by Geography	172,078	4.7	14.3	42.9	37.3	0.8
Farms by Geography	4,085	2.0	11.9	57.6	28.4	0.1
Family Distribution by Income Level	577,443	20.5	17.3	20.5	41.7	0.0
Household Distribution by Income Level	937,525	24.6	15.4	17.0	43.0	0.0
Median Family Income MSA - 38300 Pittsburgh, PA MSA		\$69,624	Median Housing Value			\$139,628
			Median Gross Rent			\$761
			Families Below Poverty Level			8.2%
<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>						

Based on 2015 ACS Census data, there are 1,041,806 housing units in the assessment area. Of these housing units, 62.6 percent are owner-occupied, 27.4 percent are occupied rental units, and 10.0 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are no owner-occupied housing units in the census tracts without an income designation.

Examiners used the 2018 and 2019 FFIEC-updated MFI to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Pittsburgh, PA MSA Median Family Income (38300)				
2018 (\$75,500)	<\$37,750	\$37,750 to <\$60,400	\$60,400 to <\$90,600	≥\$90,600
2019 (\$79,300)	<\$39,650	\$39,650 to <\$63,440	\$63,440 to <\$95,160	≥\$95,160
<i>Source FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2019 D&B data, there were 172,078 non-farm businesses. GARs for these businesses are below.

- 82.8 percent have \$1 million or less
- 5.9 percent have more than \$1 million
- 11.3 percent have unknown revenues

For 2019, service industries represent the largest portion of businesses at 44.8 percent; followed by retail trade (12.8 percent); non-classifiable establishments (12.1 percent), and finance, insurance, and real estate (8.7 percent). In addition, 65.7 percent of area businesses have four or fewer employees and 88.1 percent operate from a single location.

Competition

The bank's Pittsburgh, PA MSA assessment area is a highly competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 48 financial institutions that operated 752 full-service branches within the bank's Pittsburgh, PA MSA assessment area. Of these institutions, NWB ranked 15th with a 0.7 percent deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 559 lenders reported 68,322 home mortgage loans originated or purchased. NWB ranked 17th out of this group of lenders, with a market share of 1.3 percent by number of loans.

There is a moderately high level of competition for small business loans within the bank's Pittsburgh, PA MSA assessment area. In 2018, 133 lenders reported 41,820 small business loans originated or purchased. NWB ranked 27th out of this group of lenders, with a market share of 0.3 percent. The three most prominent small business lenders, all credit card lenders, accounted for 47.6 percent of total market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic data, the bank's Pittsburgh, PA MSA assessment area has specific credit and community development needs. Demand for affordable housing and other community support exist throughout the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PITTSBURGH, PA MSA ASSESSMENT AREA

LENDING TEST

NWB demonstrated good performance under the Lending Test. The Community Development Lending criterion performance supports this conclusion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to the Pittsburgh, PA MSA assessment area credit needs. For 2018 and 2019, NWB originated 2,062 home mortgage loans totaling approximately \$322.4 million, 196 small business loans totaling approximately \$37.4 million, 0 small farm loans, and 260 other loans secured by real estate totaling \$13.4 million. During the review period, the bank's home mortgage loan activity increased, while small business and other real estate secured loan activity decreased slightly.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Pittsburgh, PA MSA assessment area. The bank's adequate performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of home mortgage loans in low-income census tracts was below aggregate lending in 2018. In 2019, the bank increased the percentage of lending in low-income census tracts; however, the bank's performance was below demographic data. The geographic distribution of home mortgage loans in moderate-income census tracts was also below aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in moderate-income census tracts, and the bank's performance was below demographic data.

In 2018, the bank ranked 40th (0.7 percent market share) out of 142 lenders who originated and/or purchased 982 loans totaling \$99.5 million to low-income borrowers located within in this assessment area. The top five lenders, who combined captured 28.0 percent of the market share by originating or purchasing 275 home mortgage loans totaling \$19.4 million. In 2018, the bank ranked 25th (1.0 percent market share) out of 302 lenders who originated and/or purchased 8,289 loans totaling \$878.4 million to moderate-income borrowers located within in this assessment area. The top five lenders, who combined captured 26.0 percent of the market share by originating or purchasing 2,160 home mortgage loans totaling \$194.5 million. This level of lending reflects reasonable performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Pittsburgh, PA MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.7	1.4	7	0.8	296	0.2
2019	2.7	--	17	1.5	778	0.4
Moderate						
2018	15.3	12.1	81	8.9	7,086	5.2
2019	15.3	--	94	8.2	8,401	4.5
Middle						
2018	52.0	49.2	422	46.2	51,665	38.0
2019	52.0	--	505	44.0	66,253	35.6
Upper						
2018	30.0	37.3	404	44.2	77,019	56.6
2019	30.0	--	531	46.3	110,811	59.5
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	1	0.1	94	0.1
Totals						
2018	100.0	100.0	914	100.0	136,066	100.0
2019	100.0	--	1,148	100.0	186,336	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. Examiners compared the bank's small business lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of small business loans in low-income census tracts was comparable to aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in low-income census tracts, and the bank's performance was below demographic data. The geographic distribution of small business loans in moderate-income census tracts exceeded aggregate lending and demographic data in 2018. In 2019, the bank decreased the percentage of lending in moderate-income census tracts, and the bank's performance was below demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Pittsburgh, PA MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	4.8	4.1	4	3.9	596	3.4
2019	4.7	--	3	3.2	1,209	6.1
Moderate						
2018	14.5	14.3	16	15.5	2,688	15.3
2019	14.3	--	7	7.5	1,934	9.8
Middle						
2018	43.2	43.8	52	50.5	7,851	44.7
2019	42.9	--	59	63.4	10,080	50.9
Upper						
2018	36.7	37.3	31	30.1	6,419	36.6
2019	37.3	--	24	25.8	6,576	33.2
Not Available						
2018	0.8	0.5	0	0.0	0	0.0
2019	0.8	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	103	100.0	17,554	100.0
2019	100.0	--	93	100.0	19,799	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The geographic distribution of other real estate secured loans reflects adequate penetration throughout the assessment area. Examiners compared the bank’s other real estate secured lending to demographic data.

As shown in the following table, the geographic distribution of other real estate secured loans in low-income census tracts was below demographic data in both 2018 and 2019. The geographic distribution of other real estate secured loans in moderate-income census tracts exceeded demographic data in 2018 and was below demographic data in 2019.

Geographic Distribution of Other Real Estate Secured Loans						
Assessment Area: Pittsburgh, PA MSA						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2018	4.8	3	2.0	105	1.4
	2019	4.7	4	3.5	435	7.1
Moderate						
	2018	14.5	22	15.0	397	5.4
	2019	14.3	15	13.3	375	6.2
Middle						
	2018	43.2	71	48.3	4,230	57.8
	2019	42.9	54	47.8	3,045	50.0
Upper						
	2018	36.7	50	34.0	2,238	30.6
	2019	37.3	39	34.5	2,230	36.6
Not Available						
	2018	0.8	1	0.7	350	4.8
	2019	0.8	1	0.9	10	0.2
Totals						
	2018	100.0	147	100.0	7,320	100.0
	2019	100.0	113	100.0	6,095	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes in the Pittsburgh, PA MSA assessment area. The bank's adequate performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is adequate. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the distribution of home mortgage loans to both low- and moderate-income borrowers was below aggregate lending data in 2018. In 2019, the bank increased the percentage of lending to both low- and moderate-income borrowers. The bank's level of

lending activity is below demographic data in both years; however, a low-income family in the assessment area, with an income less than \$39,650, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$139,628.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Pittsburgh, PA MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	20.5	9.3	57	6.2	3,258	2.4
2019	20.5	--	85	7.4	5,695	3.1
Moderate						
2018	17.3	19.6	128	14.0	10,604	7.8
2019	17.3	--	164	14.3	14,676	7.9
Middle						
2018	20.5	21.6	185	20.2	19,080	14.0
2019	20.5	--	222	19.3	25,650	13.8
Upper						
2018	41.7	39.1	366	40.0	60,218	44.3
2019	41.7	--	407	35.5	69,137	37.1
Not Available						
2018	0.0	10.3	178	19.5	42,907	31.5
2019	0.0	--	270	23.5	71,178	38.2
Totals						
2018	100.0	100.0	914	100.0	136,066	100.0
2019	100.0	--	1,148	100.0	186,335	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s small business lending to demographic and aggregate lending data.

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million exceeds aggregate lending data in 2018; however, the bank’s performance is below demographic data. In 2019, the bank decreased lending to businesses with GARs less than or equal to \$1 million and remained below demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Pittsburgh, PA MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	81.4	46.2	64	62.1	11,417	65.0
2019	82.8	--	56	60.2	10,413	52.6
>1,000,000						
2018	6.7	--	38	36.9	6,037	34.4
2019	5.9	--	35	37.6	9,211	46.5
Revenue Not Available						
2018	11.9	--	1	1.0	100	0.6
2019	11.3	--	2	2.2	175	0.9
Totals						
2018	100.0	100.0	103	100.0	17,554	100.0
2019	100.0	--	93	100.0	19,799	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The distribution of other real estate secured loans reflects adequate penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s other real estate secured lending to demographic data

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million is significantly below demographic data in both 2018 and 2019; however, the bank reported a large number of loans with GARs not available, particularly in 2019.

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: Pittsburgh, PA MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	81.4	80	54.4	1,960	26.8
2019	82.8	52	46.0	1,845	30.3
>1,000,000					
2018	6.7	36	24.5	4,605	62.9
2019	5.9	21	18.6	3,445	56.5
Revenue Not Available					
2018	11.9	31	21.1	755	10.3
2019	11.3	40	35.4	805	13.2
Totals					
2018	100.0	147	100.0	7,320	100.0
2019	100.0	113	100.0	6,095	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area.

Community Development Loans

NWB has made a relatively high level of community development loans in the Pittsburgh, PA MSA assessment area. The dollar volume of community development loans has decreased since the previous evaluation. Specifically, NWB's prior evaluation included 37 community development loans totaling approximately \$37.5 million during a 39-month period compared to the current evaluation at 52 community development loans totaling \$16.6 million. The following table illustrates the bank's community development lending activity in the Pittsburgh, PA MSA assessment area by activity year and by community development purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/22/2016-12/31/2016	0	0	3	34	0	0	0	0	3	34
2017	5	885	7	916	0	0	0	0	12	1,801
2018	6	1,128	9	247	0	0	0	0	15	1,375
2019	4	450	12	7,030	0	0	0	0	16	7,480
1/1/2020-6/29/2020	2	3,594	4	2,349	0	0	0	0	6	5,943
Total	17	6,057	35	10,576	0	0	0	0	52	16,633
<i>Source: Bank Data</i>										

The following originations are a sample of community development loans made to organizations and corporations that benefit the Pittsburgh, PA MSA assessment area.

- In 2019, NWB originated a \$4.8 million line of credit to a nonprofit entity that provides healthcare and supportive service programs as an alternative to nursing home placement for seniors. Loan proceeds refinanced existing debt and funded renovations at their facilities. The entity derives the majority of its revenues from Medicaid recipients. This loan provides community services targeted to low- or moderate-income individuals.
- In 2020, NWB originated a \$3.5 million multifamily housing loan. The loan refinanced a building with 48 housing units located in an upper-income census tract in Allison Park, PA. The majority of housing units (27) have rents below the fair market rent for Allegheny County. This loan promotes affordable housing.
- In 2016, NWB originated a \$1.7 million term loan to a real estate development and management company that focuses on community revitalization via planned development efforts with an emphasis on spurring urban renewal. Loan proceeds consolidated existing debt on five properties within the Lawrenceville section of Pittsburgh that were part of targeted revitalization efforts in the city. Two of the properties were in moderate-income census tract. This loan revitalizes or stabilizes a moderate-income area.
- During the review period, NWB originated 26 term loans totaling \$1.5 million to a nonprofit entity that provides transitional homes and vocational skills for primarily handicapped individuals and a cooperative group living arrangement for individuals who are in need of structured community living facilities. The borrower primarily used loan proceeds to purchase homes used for transitional housing and to purchased vehicles that will be used in the organization's operations of assisting their clients; however, the bank also originated two credit card loans to assist with the organization's operating expenses. These loan provides community services targeted to low- or moderate-income individuals.

INVESTMENT TEST

NWB demonstrated excellent performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

NWB has an excellent level of qualified donations and grants. During the review period, NWB maintained and purchased equity investments totaling \$11.7 million that benefitted low- and moderate-income families within the Pittsburgh, PA MSA assessment area and 71 qualified donations totaling \$926,993. The dollar volume of community development investments and grants has increased since the previous evaluation. Specifically, NWB's prior evaluation included community development investments and grants totaling approximately \$4.1 million during a 39-month period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	3,798	0	0	0	0	0	0	1	3,798
8/22/2016-12/31/2016	1	1,354	2	100	0	0	0	0	3	1,454
2017	1	1,650	2	100	0	0	0	0	3	1,750
2018	1*	1,749	2	100	0	0	0	0	3*	1,849
2019	3*	2,534	1	50	0	0	0	0	4*	2,584
1/1/2020-6/29/2020	2	155	3	90	0	0	0	0	5	245
Subtotal	9*	11,240	10	440	0	0	0	0	19*	11,680
Qualified Grants & Donations	7	12	55	868	2	1	7	46	71	927
Total	16*	11,252	65	1,308	2	1	7	46	90*	12,607

*Source: Bank Data; * MBS number was counted in another assessment area*

Prior Period Investments

- NWB maintains a \$3.8 million investment from 2013 in a Low-Income Housing Tax Credit for an affordable housing project located in a low-income census tract in Butler, PA (Butler County). The project includes 59 apartments for limited income individuals, age 55 or older.

New Investments

- During the review period, NWB purchased GNMA and FNMA MBSs totaling \$7.2 million that benefitted low- and moderate-income families within the Pittsburgh, PA MSA assessment area.
- During the review period, NWB purchased 14 NAP tax credits totaling \$695,000 that benefitted the Pittsburgh, PA MSA assessment area. The bank invested in projects that promote affordable housing and provide community services targeted to low- and moderate-income individuals.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated approximately \$71,684 to EverFi, a financial education program, to schools in the Pittsburgh, PA MSA assessment area during the exam period.
- The bank donated \$20,000 to a nonprofit provider of employment and training as well as housing and support services to low-and moderate-income individuals with intellectual and developmental disabilities and mental health challenges in Southwestern PA.
- The bank donated \$20,000 to an organization that provides alternative education opportunities for low- to moderate-income youths.
- The bank donated \$20,100 to an organization for its Emergency Basic Needs fund, which provides short-term assistance with food, shelter and clothing for at-risk individuals.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its Pittsburgh, PA MSA assessment area. Management directed the majority of the bank's investments and grants within the Pittsburgh, PA MSA assessment area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB's investments primarily include MBSs.

SERVICE TEST

NWB demonstrated excellent performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of the institution's assessment area. NWB serves the Pittsburgh, PA MSA assessment area with 26 branches, 27 full-service ATMs, and 2 cash dispensing only ATMs. The following table details the bank's branching and ATM distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	58	8.6	111,415	5.0	1	3.9	2	6.9
Moderate	153	22.7	401,878	18.1	3	11.5	3	10.4
Middle	301	44.6	1,082,451	48.7	11	42.3	13	44.8
Upper	148	21.9	615,551	27.7	11	42.3	11	37.9
NA	15	2.2	12,780	0.5	0	0.0	0	0.0
Total	675	100.0	2,224,075	100.0	26	100.0	29	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for the assessment area are below the performance for the institution overall. The bank has one branch in a low-income census tract and three branches in moderate-income census tracts. However, NWB offers alternative delivery systems that help compensate for any lack of immediate access to its branch and ATM locations.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. During the review period, NWB closed its Canonsburg Office located in a middle-income census tract.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s AA, particularly low- and moderate -income geographies and/or individuals. Operating hours and services at the branches do not vary significantly from branch-to-branch and reflect the needs of the local communities they serve. Branch hours are convenient and comparable to other local financial institutions operating within this area.

Community Development Services

NWB is a leader in providing community development services within its Pittsburgh, PA MSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. NWB also partnered with EVERFI to provide online financial education programs to high schools and elementary schools across Allegheny, Beaver, Washington, and Westmoreland Counties. During the review period, NWB allocated 4,416 hours to this community service. Bank officers and employees provided community development services to more than 113 schools and community development organizations in the bank’s Pittsburgh, PA MSA assessment area during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by activity year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/23/2016 – 12/31/2016	0	1,104	0	0	1,104
2017	0	1,206	0	0	1,206
2018	30	1,160	24	38	1,252
2019	0	1,184	48	216	1,448
1/1/2020 – 6/29/2020	36	84	72	96	288
Total	66	4,738	144	350	5,298
<i>Source: Bank Data</i>					

The following are representative examples of community development service activity in the Pittsburgh, PA MSA assessment area.

- **Pittsburgh Community Reinvestment Group (PCRG)** – A bank employee volunteers their financial expertise with this nonprofit membership organization of community development corporations, community-based organizations, and community service groups in western Pennsylvania. PCRG ensures that the region has a voice in organizing for equity in financial lending practices, land use and vacant property, and transit and infrastructure. Additionally, PCRG utilizes its connections to members, business, government and communities to drive positive change in social policies, services, and products affecting those who live in low- and moderate-income areas and communities of color.
- **Greater Pittsburgh Community Food Bank** – A bank employee serves as a member on the Audit Committee for this organization. The organization’s mission is to feed people in need and mobilize the community to eliminate hunger. They strive to eliminate food insecurity and help people stabilize their lives.

ERIE, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ERIE, PA MSA ASSESSMENT AREA

Economic and Demographic Data

The Erie, PA MSA assessment area includes Erie County in its entirety. There have been no changes to this assessment area since the previous CRA evaluation.

The Erie, PA MSA assessment area includes 71 census tracts. The demographics of these census tracts include:

- 11 low-income tracts
- 10 moderate-income tracts
- 31 middle-income tracts
- 18 upper-income tracts
- 1 tract with no income designation

The following table illustrates select demographic characteristics of the Erie, PA MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Erie, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	71	15.5	14.1	43.7	25.4	1.4
Population by Geography	279,858	9.6	12.9	46.3	30.4	0.8
Housing Units by Geography	119,827	10.8	13.7	46.6	28.9	0.0
Owner-Occupied Units by Geography	72,273	4.5	8.8	50.6	36.2	0.0
Occupied Rental Units by Geography	37,661	21.1	21.4	39.6	17.9	0.0
Vacant Units by Geography	9,893	17.9	20.0	44.1	17.9	0.0
Businesses by Geography	16,057	12.4	11.8	45.0	30.8	0.0
Farms by Geography	479	2.9	6.3	46.1	44.7	0.0
Family Distribution by Income Level	69,932	21.1	17.6	20.8	40.5	0.0
Household Distribution by Income Level	109,934	24.3	15.9	17.7	42.1	0.0
Median Family Income MSA - 21500 Erie, PA MSA		\$58,746	Median Housing Value			\$116,085
			Median Gross Rent			\$688
			Families Below Poverty Level			11.9%
<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>						

Based on 2015 ACS Census data, there are 119,827 housing units in the assessment area. Of these housing units, 60.3 percent are owner-occupied, 31.4 percent are occupied rental units, and 8.3 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are no owner-occupied housing units in the census tracts without an income designation.

Examiners used the 2018 and 2019 FFIEC-updated MFI to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Erie, PA MSA Median Family Income (21500)				
2018 (\$63,700)	<\$31,850	\$31,850 to <\$50,960	\$50,960 to <\$76,440	≥\$76,440
2019 (\$66,800)	<\$33,400	\$33,400 to <\$53,440	\$53,440 to <\$80,160	≥\$80,160
<i>Source FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2019 D&B data, there were 16,057 non-farm businesses. GARs for these businesses are below.

- 79.9 percent have \$1 million or less
- 7.2 percent have more than \$1 million
- 12.9 percent have unknown revenues

For 2019, service industries represent the largest portion of businesses at 43.5 percent; followed by retail trade (14.4 percent); non-classifiable establishments (10.3 percent), and finance, insurance, and real estate (7.7 percent). In addition, 63.2 percent of area businesses have four or fewer employees and 86.1 percent operate from a single location.

Competition

The bank's Erie, PA MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 11 financial institutions that operated 73 full-service branches within the bank's Erie, PA MSA assessment area. Of these institutions, NWB ranked 2nd with an 18.3 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 194 lenders reported 5,953 home mortgage loans originated or purchased. NWB ranked 1st out of this group of lenders, with a market share of 16.1 percent by number of loans.

There is a moderate level of competition for small business loans within the bank's Erie, PA MSA assessment area. In 2018, 72 lenders reported 3,692 small business loans originated or purchased. NWB ranked 9th out of this group of lenders, with a market share of 3.6 percent. The three most prominent small business lenders, all credit card lenders, accounted for 45.5 percent of total market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic data, the bank's Erie, PA MSA assessment area has specific credit and community development needs. Demand for affordable housing and other community support exist throughout the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ERIE, PA MSA ASSESSMENT AREA

LENDING TEST

NWB demonstrated good performance under the Lending Test. The Borrower Profile criterion performance supports this conclusion.

Lending Activity

The bank's lending levels reflect excellent responsiveness to the Erie, PA MSA assessment area credit needs. For 2018 and 2019, NWB originated 1,972 home mortgage loans totaling

approximately \$223.6 million, 270 small business loans totaling approximately \$43.5 million, 4 small farm loans totaling approximately \$325,000, and 222 other loans secured by real estate totaling \$9.7 million. During the review period, the bank's home mortgage, small business, small farm, and other real estate secured loan activity remained stable.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the Erie, PA MSA assessment area. The bank's good performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of home mortgage loans in low-income census tracts was comparable to aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in low-income census tracts, and the bank's performance was below demographic data. The geographic distribution of home mortgage loans in moderate-income census tracts was below aggregate lending in 2018. In 2019, the bank decreased the percentage of lending in moderate-income census tracts, and the bank's performance was below demographic data.

In 2018, the bank ranked 1st (16.3 percent market share) out of 36 lenders who originated and/or purchased 135 loans totaling \$9.2 million to low-income borrowers located within in this assessment area. In 2018, the bank ranked 1st (14.2 percent market share) out of 70 lenders who originated and/or purchased 506 loans totaling \$40.5 million in this assessment area. This level of lending reflects good performance.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Erie, PA MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	4.5	2.3	22	2.3	1,381	1.2
2019	4.5	--	13	1.3	564	0.5
Moderate						
2018	8.8	8.5	72	7.5	5,615	5.0
2019	8.8	--	57	5.6	4,943	4.4
Middle						
2018	50.6	47.2	421	43.9	51,135	45.5
2019	50.6	--	476	46.9	44,675	40.2
Upper						
2018	36.2	42.1	443	46.2	54,215	48.3
2019	36.2	--	468	46.2	61,062	54.9
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	958	100.0	112,346	100.0
2019	100.0	--	1,014	100.0	111,245	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Examiners compared the bank’s small business lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of small business loans in low-income census tracts exceeded aggregate lending in 2018. In 2019, the bank increased the percentage of lending in low-income census tracts, and the bank’s performance exceeded demographic data. The geographic distribution of small business loans in moderate-income census tracts was below aggregate lending and demographic data in 2018. In 2019, the bank increased the percentage of lending in moderate-income census tracts, and the bank’s performance was comparable to demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Erie, PA MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	13.0	12.0	18	13.6	3,204	15.0
2019	12.4	--	21	15.2	3,970	18.0
Moderate						
2018	11.9	11.2	11	8.3	1,022	4.8
2019	11.8	--	16	11.6	3,038	13.7
Middle						
2018	45.3	46.7	61	46.2	7,665	35.8
2019	45.0	--	65	47.1	10,679	48.3
Upper						
2018	29.8	30.1	42	31.8	9,536	44.5
2019	30.8	--	36	26.1	4,415	20.0
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	132	100.0	21,427	100.0
2019	100.0	--	138	100.0	22,102	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The geographic distribution of other real estate secured loans reflects adequate penetration throughout the assessment area. Examiners compared the bank’s other real estate secured lending to demographic data.

As shown in the following table, the geographic distribution of other real estate secured loans in low-income census tracts was below demographic data in 2018 and exceeded demographic data in 2019. The geographic distribution of other real estate secured loans in moderate-income census tracts was below demographic data in both 2018 and 2019.

Geographic Distribution of Other Real Estate Secured Loans						
Assessment Area: Erie, PA MSA						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2018	13.0	13	11.7	1,098	16.4
	2019	12.4	15	13.5	305	10.2
Moderate						
	2018	11.9	12	10.8	1,086	16.2
	2019	11.8	9	8.1	195	6.5
Middle						
	2018	45.3	52	46.8	3,196	47.7
	2019	45.0	59	53.2	1,472	49.2
Upper						
	2018	29.8	34	30.6	1,323	19.7
	2019	30.8	28	25.2	1,017	34.0
Not Available						
	2018	0.0	0	0.0	0	0.0
	2019	0.0	0	0.0	0	0.0
Totals						
	2018	100.0	111	100.0	6,703	100.0
	2019	100.0	111	100.0	2,989	100.0

*Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes in the Erie, PA MSA assessment area. The bank's good performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is good. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the distribution of home mortgage loans to low-income borrowers exceeded aggregate lending data in 2018. In 2019, the bank's performance was comparable to 2018. The bank's level of lending activity is below demographic data in both years; however, a low-income family in the assessment area, with an income less than \$33,400, would not likely

qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$116,085.

In 2018, the distribution of home mortgage loans to moderate-income borrowers is below aggregate lending data. In 2019, the bank increased the percentage of lending to moderate-income borrowers, and the bank’s performance exceeded demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Erie, PA MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	21.1	9.0	90	9.4	4,535	4.0
2019	21.1	--	93	9.2	5,055	4.5
Moderate						
2018	17.6	19.7	166	17.3	12,048	10.7
2019	17.6	--	196	19.3	14,599	13.1
Middle						
2018	20.8	25.1	236	24.6	21,341	19.0
2019	20.8	--	264	26.0	27,599	24.8
Upper						
2018	40.5	36.8	386	40.3	48,083	42.8
2019	40.5	--	418	41.2	58,950	53.0
Not Available						
2018	0.0	9.4	80	8.4	26,340	23.4
2019	0.0	--	43	4.2	5,041	4.5
Totals						
2018	100.0	100.0	958	100.0	112,346	100.0
2019	100.0	--	1,014	100.0	111,245	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s small business lending to demographic and aggregate lending data.

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million exceeds aggregate lending data in 2018; however, the bank’s

performance is below demographic data. In 2019, the bank increased lending to businesses with GARs less than or equal to \$1 million, but remained below demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Erie, PA MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	78.4	41.8	84	63.6	14,426	67.3
2019	79.9	--	90	65.2	14,442	65.3
>1,000,000						
2018	7.9	--	48	36.4	7,001	32.7
2019	7.2	--	48	34.8	7,660	34.7
Revenue Not Available						
2018	13.7	--	0	0.0	0	0.0
2019	12.9	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	132	100.0	21,427	100.0
2019	100.0	--	138	100.0	22,102	100.0

*Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Other Real Estate Secured Loans

The distribution of other real estate secured loans reflects adequate penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s other real estate secured lending to demographic data

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million is significantly below demographic data in both 2018 and 2019; however, the bank reported a large number of loans with GARs not available, particularly in 2019.

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: Erie, PA MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	78.4	62	55.9	1,419	21.2
2019	79.9	59	53.2	1,306	43.7
>1,000,000					
2018	7.9	35	31.5	4,989	74.4
2019	7.2	18	16.2	1,367	45.7
Revenue Not Available					
2018	13.7	14	12.6	295	4.4
2019	12.9	34	30.6	316	10.6
Totals					
2018	100.0	111	100.0	6,703	100.0
2019	100.0	111	100.0	2,989	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area.

Community Development Loans

NWB makes a relatively high level of community development loans in the Erie, PA MSA assessment area. The dollar volume of community development loans has decreased since the previous evaluation. Specifically, NWB's prior evaluation included 18 community development loans totaling approximately \$29.7 million during a 39-month period compared to the current evaluation with 41 community development loans totaling \$19.0 million. The following table illustrates the bank's community development lending activity in the Erie, PA MSA assessment area by activity year and by community development purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/22/2016-12/31/2016	4	648	3	18	0	0	0	0	7	666
2017	3	231	8	4,419	0	0	0	0	11	4,650
2018	8	12,113	5	140	0	0	0	0	13	12,253
2019	2	374	5	75	0	0	1	25	8	474
1/1/2020-6/29/2020	1	4	1	1,000	0	0	0	0	2	1,004
Total	18	13,370	22	5,652	0	0	1	25	41	19,047
<i>Source: Bank Data</i>										

The following originations are a sample of community development loans made to organizations and corporations that benefit the Erie, PA MSA assessment area.

- In 2018, NWB originated a \$2.0 million multifamily housing loan. The loan purchased two buildings with 51 housing units located in a middle-income census tract in North East, PA. All housing units have rents below the fair market rent for Erie County. This loan promotes affordable housing.
- During the review period, NWB originated one term loan totaling \$2.0 million and five lines of credit or line of credit increases totaling \$395,000 to an organization with offices in Erie, Ridgway, and Warren that enhances the personal dignity, health, safety, and social well-being of persons with disabilities. The organization provides residential care or assistance to more than 1,000 individuals and operates 28 group homes. The term loan proceeds purchased, renovated, and refinanced existing debt. These loans provide community services targeted to low- and moderate-income individuals.
- In 2017, NWB originated a \$1.0 million term loan to this organization that provides independent living and services to people with disabilities. Loan proceeds funded a portion of the costs needed to complete renovations for a new headquarters building. In addition, in 2020, NWB originated a \$1.0 million line of credit to provide working capital and to support the borrower's "Home Modification" program. These loans provide community services targeted to low- and moderate-income individuals.
- In 2017, NWB originated a \$1.0 million line of credit to this organization that administers funds received from the Office of Child Development and Early Learning at the Pennsylvania Department of Public Welfare and Department of Education. The organization disburses funds to childcare providers to pay for childcare for low-income families. The line of credit supported intermittent funding needs and the timing of reimbursements from the State. This loan provides community services targeted to low- and moderate-income individuals.

INVESTMENT TEST

NWB demonstrated excellent performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

NWB has an excellent level of qualified donations and grants. During the review period, NWB purchased equity investments totaling \$3.5 million that benefitted low- and moderate-income families within the Erie, PA MSA assessment area and 62 qualified donations totaling \$955,614. The dollar volume of community development investments and grants has increased since the previous evaluation. Specifically, NWB's prior evaluation included community development investments and grants totaling approximately \$1.6 million during a 39-month period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
8/22/2016-12/31/2016	*	1,354	3	120	0	0	1	50	4*	1,524
2017	*	252	2	75	0	0	1	50	3*	377
2018	1*	1,126	3	85	0	0	2	75	6*	1,286
2019	0	0	6	155	0	0	1	50	7	205
1/1/2020-6/29/2020	0	0	8	100	0	0	1	50	9	150
Subtotal	1*	2,732	22	535	0	0	6	275	29*	3,542
Qualified Grants & Donations	1	<1	53	851	2	22	6	83	62	956
Total	2*	2,732	75	1,386	2	22	12	358	91*	4,498

*Source: Bank Data; * MBS number was counted in another assessment area*

- During the review period, NWB purchased GNMA, FNMA, and FHLMC MBSs totaling \$2.7 million that benefitted low- and moderate-income families within the Erie, PA MSA assessment area.
- During the review period, NWB purchased 28 NAP tax credits totaling \$810,000 that benefitted the Erie, PA MSA assessment area. The bank invested in projects that provide community services targeted to low- and moderate-income individuals and that revitalize/stabilize a low- or moderate-income area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated approximately \$33,573 to EverFi, a financial education program, to schools in the Erie, PA assessment area during the exam period.

- The bank donated \$75,000 to an organization dedicated to the revitalization and stabilization of downtown Erie by maintaining or creating jobs for low- and moderate-income individuals.
- The bank donated \$16,667 to an organization dedicated to providing food, shelter, and other resources to the community’s most vulnerable men, women, and children.
- The bank donated \$21,000 to an organization that provides independent living support and services to low- and moderate-income individuals with disabilities.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its Erie, PA MSA assessment area. Management directed the majority of the bank’s investments and grants within the Erie, PA MSA assessment area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB’s investments primarily include MBSs.

SERVICE TEST

NWB demonstrated excellent performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the institution’s assessment area. NWB serves the Erie, PA MSA assessment area with 17 branches, 18 full-service ATMs, and 2 cash dispensing only ATMs. The following table details the bank’s branching and ATM distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	11	15.5	26,806	9.6	1	6.2	2	10.0
Moderate	10	14.1	36,162	12.9	2	12.5	2	10.0
Middle	31	43.7	129,469	46.3	9	56.3	11	55.0
Upper	18	25.3	85,126	30.4	4	25.0	5	25.0
NA	1	1.4	2,295	0.8	0	0.0	0	0.0
Total	71	100.0	279,858	100.0	16	100.0	20	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for the assessment area are consistent with the institution overall.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate income individuals. During the review period, NWB closed its Union City Office located in a middle-income census tract and its Harborcreek Office located in an upper-income census tract.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s Erie, PA MSA assessment area, particularly low- and moderate -income geographies and/or individuals. Operating hours and services at the branches do not vary significantly from branch-to-branch and reflect the needs of the local communities they serve. Branch hours are convenient and comparable to other local financial institutions operating within this area.

Community Development Services

NWB is a leader of providing community development services within its Erie, PA MSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. NWB also partnered with EVERFI to provide online financial education programs to high schools and elementary schools across Erie County. During the review period, NWB allocated 7,680 hours to this community service. Bank officers and employees provided community development services to more than 210 schools and community development organizations in the bank’s Erie, PA MSA assessment area during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by activity year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/23/2016 – 12/31/2016	0	1,920	0	0	1,920
2017	24	2,344	0	98	2,466
2018	194	2,180	48	0	2,422
2019	111	2,042	0	132	2,285
1/1/2020 – 6/29/2020	0	6	48	0	54
Total	329	8,492	96	230	9,147
<i>Source: Bank Data</i>					

The following are representative examples of community development service activity in the Erie, PA MSA assessment area.

- **Auto Racers for Kids (ARK)** – A bank employee serves as a member on the Board for this organization. ARK raises funds for local Erie County children’s charities through auto racing and golf. Since 2008, ARK Charities has raised more than \$410,000 to benefit 16 different Erie Charities that provide the basic necessities of life, such as access to a safe

environment, food, shelter and clothing.

- **Corry Area Industrial Development Corp.** – A bank employee serves as a member on the Board for this organization. The organization assist with low interest financing, real estate services and grant assistance to businesses and non-profit organizations with the ultimate goal of fostering investment and employment in the Corry Region.

LANCASTER, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LANCASTER, PA MSA ASSESSMENT AREA

Economic and Demographic Data

The Lancaster, PA MSA assessment area includes Lancaster County in its entirety. There have been no changes to this assessment area since the previous CRA evaluation.

The Lancaster, PA MSA assessment area includes 98 census tracts. The demographics of these census tracts include:

- 6 low-income tracts
- 14 moderate-income tracts
- 67 middle-income tracts
- 11 upper-income tracts

The following table illustrates select demographic characteristics of the Lancaster, PA MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Lancaster, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	98	6.1	14.3	68.4	11.2	0.0
Population by Geography	530,216	4.3	10.6	73.6	11.6	0.0
Housing Units by Geography	205,587	4.0	11.3	72.4	12.3	0.0
Owner-Occupied Units by Geography	134,548	1.6	8.8	76.1	13.5	0.0
Occupied Rental Units by Geography	60,782	8.6	16.0	66.0	9.5	0.0
Vacant Units by Geography	10,257	8.1	16.3	63.2	12.4	0.0
Businesses by Geography	38,330	4.1	11.3	72.5	12.2	0.0
Farms by Geography	1,973	0.6	3.0	85.8	10.6	0.0
Family Distribution by Income Level	137,133	18.3	19.2	23.1	39.4	0.0
Household Distribution by Income Level	195,330	22.1	17.4	19.6	40.8	0.0
Median Family Income MSA - 29540 Lancaster, PA MSA		\$68,937	Median Housing Value			\$188,318
			Median Gross Rent			\$959
			Families Below Poverty Level			7.3%
<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>						

Based on 2015 ACS Census data, there are 205,587 housing units in the assessment area. Of these housing units, 65.4 percent are owner-occupied, 29.6 percent are occupied rental units, and 5.0 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units.

Examiners used the 2018 and 2019 FFIEC-updated MFI to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lancaster, PA MSA Median Family Income (29540)				
2018 (\$73,800)	<\$36,900	\$36,900 to <\$59,040	\$59,040 to <\$88,560	≥\$88,560
2019 (\$76,200)	<\$38,100	\$38,100 to <\$60,960	\$60,960 to <\$91,440	≥\$91,440
<i>Source FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2019 D&B data, there were 38,330 non-farm businesses. GARs for these businesses are below.

- 85.2 percent have \$1 million or less
- 6.0 percent have more than \$1 million
- 8.8 percent have unknown revenues

For 2019, service industries represent the largest portion of businesses at 39.8 percent; followed by retail trade (13.6 percent); non-classifiable establishments (12.1 percent), and construction (8.9 percent). In addition, 62.2 percent of area businesses have four or fewer employees and 86.8 percent operate from a single location.

Competition

The bank's Lancaster, PA MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 22 financial institutions that operated 182 full-service branches within the bank's Lancaster, PA MSA assessment area. Of these institutions, NWB ranked 6th with a 5.2 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 374 lenders reported 15,671 home mortgage loans originated or purchased. NWB ranked 13th out of this group of lenders, with a market share of 1.8 percent by number of loans.

There is a moderate level of competition for small business loans within the bank's Lancaster, PA MSA assessment area. In 2018, 94 lenders reported 11,114 small business loans originated or purchased. NWB ranked 35th out of this group of lenders, with a market share of 0.2 percent. The three most prominent small business lenders, all credit card lenders, accounted for 33.7 percent of total market share.

Community Contact(s)

As part of the evaluation process, examiners contact third-parties within the assessment area to gain insight on local economic conditions, credit needs, area challenges and opportunities. This information can also help determine if banks in the area are responsive to the needs of the community. It also shows what credit and community development opportunities are available.

Examiners reviewed a recent community contact of an affordable housing organization in the Lancaster, PA MSA assessment area. The contact identified the need for affordable housing, skilled labor-workforce development, and revitalization and stabilization efforts in Lancaster. The contact noted that there is ample opportunity for participation in community development by financial institutions.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, and demographic data, the bank's Lancaster, PA MSA assessment area has specific credit and community development needs. Demand for affordable housing and other community support exist throughout the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LANCASTER, PA MSA ASSESSMENT AREA

LENDING TEST

NWB demonstrated good performance under the Lending Test. The Geographic Distribution criterion performance supports this conclusion.

Lending Activity

The bank's lending levels reflect good responsiveness to the Lancaster, PA MSA assessment area credit needs. For 2018 and 2019, NWB originated 803 home mortgage loans totaling approximately \$123.3 million, 71 small business loans totaling approximately \$11.6 million, 3 small farm loans totaling approximately \$395,000, and 69 other loans secured by real estate totaling \$3.9 million. During the review period, the bank's home mortgage, small business, small farm, and other real estate secured loan activity increased.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the Lancaster, PA MSA assessment area. The bank's good performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of home mortgage loans in both low- and moderate-income census tracts exceeded aggregate lending and demographic data in 2018. In 2019, the bank decreased the percentage of lending in both low- and moderate-income census tracts; however, the bank's performance was still above demographic data in moderate-income census tracts.

In 2018, the bank ranked 10th (2.5 percent market share) out of 84 lenders who originated and/or purchased 363 loans totaling \$42.7 million to low-income borrowers located within in this assessment area. The top five lenders, who combined captured 33.9 percent of the market share by originating or purchasing 123 home mortgage loans totaling \$11.9 million. In 2018, the bank ranked 12th (2.1 percent market share) out of 155 lenders who originated and/or purchased 1,662 loans totaling \$196.5 million to moderate-income borrowers located within in this assessment area. The top five lenders, who combined captured 30.3 percent of the market share by originating or purchasing 504 home mortgage loans totaling \$56.2 million.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Lancaster, PA MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	1.6	2.3	9	3.1	1,482	3.1
2019	1.6	--	3	0.6	337	0.4
Moderate						
2018	8.8	10.6	34	11.8	4,735	10.0
2019	8.8	--	48	9.3	5,708	7.5
Middle						
2018	76.1	73.5	191	66.6	30,421	64.3
2019	76.1	--	379	73.5	54,132	71.2
Upper						
2018	13.5	13.6	53	18.5	10,639	22.5
2019	13.5	--	86	16.7	15,818	20.8
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	287	100.0	47,277	100.0
2019	100.0	--	516	100.0	75,995	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Examiners compared the bank's small business lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of small business loans in low-income census tracts exceeded aggregate lending and demographic data in 2018. In 2019, the bank decreased the percentage of lending in low-income census tracts; however, the bank's performance was comparable to demographic data. The geographic distribution of small business loans in moderate-income census tracts was below aggregate lending and demographic data in 2018. In 2019, the bank significantly increased the percentage of lending in moderate-income census tracts, and the bank's performance was above demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Lancaster, PA MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	4.2	3.1	1	4.5	50	1.7
2019	4.1	--	2	4.1	350	4.1
Moderate						
2018	11.5	9.3	1	4.5	12	0.4
2019	11.3	--	10	20.4	1,738	20.2
Middle						
2018	72.3	75.3	17	77.3	1,577	53.4
2019	72.5	--	36	73.5	6,440	74.7
Upper						
2018	12.0	12.3	3	13.6	1,314	44.5
2019	12.2	--	1	2.0	90	1.0
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	22	100.0	2,953	100.0
2019	100.0	--	49	100.0	8,618	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The geographic distribution of other real estate secured loans reflects adequate penetration throughout the assessment area. Examiners compared the bank’s other real estate secured lending to demographic data.

As shown in the following table, the bank did not originate any other real estate secured loans in low-income census tracts in 2018 or 2019. The geographic distribution of other real estate secured loans in moderate-income census tracts was below demographic data in 2018 and exceeded demographic data in 2019.

Geographic Distribution of Other Real Estate Secured Loans						
Assessment Area: Lancaster, PA MSA						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2018	4.2	0	0.0	0	0.0
	2019	4.1	0	0.0	0	0.0
Moderate						
	2018	11.5	1	8.3	250	26.2
	2019	11.3	8	14.0	138	4.6
Middle						
	2018	72.3	8	66.7	280	29.3
	2019	72.5	45	78.9	2,619	88.1
Upper						
	2018	12.0	3	25.0	425	44.5
	2019	12.2	4	7.0	216	7.3
Not Available						
	2018	0.0	0	0.0	0	0.0
	2019	0.0	0	0.0	0	0.0
Totals						
	2018	100.0	12	100.0	955	100.0
	2019	100.0	57	100.0	2,973	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes in the Lancaster, PA MSA assessment area. The bank's adequate performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is adequate. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the distribution of home mortgage loans to low-income borrowers is below aggregate lending data in 2018. In 2019, the bank decreased lending activity to low-income borrowers. The bank's level of lending activity is also below demographic data in both years; however, a low-income family in the assessment area, with an income less than \$38,100,

would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$188,318.

In 2018, the distribution of home mortgage loans to moderate-income borrowers is also below aggregate lending data. In 2019, the bank increased the percentage of lending to moderate-income borrowers; however, the bank's performance remained below demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Lancaster, PA MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	18.3	6.7	16	5.6	1,297	2.7
2019	18.3	--	28	5.4	2,371	3.1
Moderate						
2018	19.2	22.2	39	13.6	4,454	9.4
2019	19.2	--	90	17.4	7,980	10.5
Middle						
2018	23.1	23.9	61	21.3	7,832	16.6
2019	23.1	--	113	21.9	14,865	19.6
Upper						
2018	39.4	35.7	102	35.5	17,761	37.6
2019	39.4	--	197	38.2	31,870	41.9
Not Available						
2018	0.0	11.5	69	24.0	15,933	33.7
2019	0.0	--	88	17.1	18,909	24.9
Totals						
2018	100.0	100.0	287	100.0	47,277	100.0
2019	100.0	--	516	100.0	75,995	100.0

*Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank's small business lending to demographic and aggregate lending data.

As shown in the following table, the bank's performance of lending to businesses with GARs less than or equal to \$1 million exceeds aggregate lending data in 2018; however, the bank's performance is below demographic data. In 2019, the bank increased lending to businesses with GARs less than or equal to \$1 million, but remained below demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Lancaster, PA MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	83.6	50.0	14	63.6	2,191	74.2
2019	85.2	--	38	77.6	6,942	80.6
>1,000,000						
2018	6.8	--	8	36.4	762	25.8
2019	6.0	--	11	22.4	1,676	19.4
Revenue Not Available						
2018	9.5	--	0	0.0	0	0.0
2019	8.8	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	22	100.0	2,953	100.0
2019	100.0	--	49	100.0	8,618	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The distribution of other real estate secured loans reflects adequate penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s other real estate secured lending to demographic data

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million is significantly below demographic data in both 2018 and 2019; however, the bank reported a large number of loans with GARs not available, particularly in 2019.

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: Lancaster, PA MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	83.6	6	50.0	140	14.7
2019	85.2	20	35.1	1,152	38.7
>1,000,000					
2018	6.8	3	25.0	775	81.2
2019	6.0	10	17.5	1,375	46.3
Revenue Not Available					
2018	9.5	3	25.0	40	4.2
2019	8.8	27	47.4	446	15.0
Totals					
2018	100.0	12	100.0	955	100.0
2019	100.0	57	100.0	2,973	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area.

Community Development Loans

NWB has made an adequate level of community development loans. NWB originated one community development loan totaling \$427,443 in the Lancaster, PA MSA assessment area. The multifamily loan refinanced one building with 15 housing units located in a middle-income census tract in Elizabethtown, PA. The majority of housing units (12) have rents below the fair market rent for Lancaster County. This loan promotes affordable housing.

The number and dollar volume of community development loans is an increase since the previous evaluation, as NWB's prior evaluation included no community development loans specifically benefitting the Lancaster, PA MSA assessment area.

INVESTMENT TEST

NWB demonstrated excellent performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

NWB has a significant level of qualified donations and grants. During the review period, NWB purchased equity investments totaling \$3.5 million that benefitted low- and moderate-income families within the Lancaster, PA MSA assessment area and 24 qualified donations totaling \$233,634. The dollar volume of community development investments and grants has increased

since the previous evaluation. Specifically, NWB’s prior evaluation included community development investments and grants totaling approximately \$746,958 during a 39-month period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
8/22/2016-12/31/2016	0	0	1	10	0	0	0	0	1	10
2017	*	729	1	25	0	0	0	0	1*	754
2018	*	509	1	25	0	0	0	0	1*	534
2019	1*	2,097	1	25	0	0	0	0	2*	2,122
1/1/2020-6/29/2020	1	25	1	35	0	0	0	0	2	60
Subtotal	2*	3,360	5	120	0	0	0	0	7*	3,480
Qualified Grants & Donations	3	13	20	216	0	0	1	5	24	234
Total	5*	3,373	25	336	0	0	1	5	31*	3,714

*Source: Bank Data; * MBS number was counted in another assessment area*

- During the review period, NWB purchased GNMA and FNMA MBSs totaling \$3.3 million that benefitted low- and moderate-income families within the Lancaster, PA MSA assessment area.
- During the review period, NWB purchased six NAP tax credits totaling \$145,000 that benefitted the Lancaster, PA MSA assessment area. The bank invested in projects that promote affordable housing and provide community services targeted to low- and moderate-income individuals.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$5,384 to EverFi, a financial education program, to schools in the Lancaster, PA MSA assessment area during the exam period.
- The bank donated \$7,500 to an organization that provides training and financial support to help low- and moderate-income first time homebuyers.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its Lancaster, PA MSA assessment area. Management directed the majority of the bank’s investments and grants within the Lancaster, PA MSA assessment area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB’s investments primarily include MBSs.

SERVICE TEST

NWB demonstrated adequate performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of the institution's assessment area. NWB serves the Lancaster, PA MSA assessment area with 15 branches, 14 full-service ATMs, and 1 cash dispensing only ATM. The following table details the bank's branching and ATM distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	6	6.1	22,775	4.3	0	0.0	0	0.0
Moderate	14	14.3	56,045	10.6	1	6.7	1	6.7
Middle	67	68.4	390,040	73.5	13	86.7	13	86.7
Upper	11	11.2	61,356	11.6	1	6.6	1	6.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	98	100.0	530,216	100.0	15	100.0	15	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for the assessment area are below the performance for the institution overall. The bank has no branches in low-income census tracts and one branch in a moderate-income census tract. However, NWB offers alternative delivery systems that help compensate for any lack of immediate access to its branch and ATM locations.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate income individuals. During the review period, NWB acquired 13 offices and closed four offices within this assessment area. The bank primarily closed branches that had overlapping market areas with other nearby branches that have occurred from bank acquisition. Of the 17 offices acquired and closed, just one, the closed Columbia Office, was in a low- or moderate-income census tract. However, the acquired Columbia Shopping Center Office is less than 1.5 miles from the closed location.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank's Lancaster, PA MSA assessment area, particularly low- and moderate -income geographies and/or individuals. Operating hours and services at the branches do not vary significantly from branch -to -branch and reflect the needs of the local communities they serve. Branch hours are convenient and comparable to other local financial institutions operating within this area.

Community Development Services

NWB provides an adequate level of community development services within its Lancaster, PA MSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. NWB also partnered with EVERFI to provide online financial education programs to high schools and elementary schools across Lancaster County. Bank officers and employees provided community development services to approximately 12 schools and community development organizations in the bank’s Lancaster, PA MSA assessment area during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by activity year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/23/2016 – 12/31/2016	0	0	0	0	0
2017	0	18	0	0	18
2018	18	0	0	0	18
2019	0	4	0	0	4
1/1/2020 – 6/29/2020	0	0	0	0	0
Total	18	22	0	0	40
<i>Source: Bank Data</i>					

The following are representative examples of community development service activity in the Lancaster, PA MSA assessment area.

- **Lancaster Housing Opportunity Partnership (LHOP)** – A bank employee volunteers their financial expertise during homebuyer education workshops to prepare participants for the home buying process and the responsibilities of homeownership. LHOP is dedicated to providing partnerships and resources to increase the availability of quality, fair and affordable housing throughout Lancaster County.
- **Lancaster County Prison** – A bank employee volunteers their financial expertise and works with a project manager at the prison to provide financial education to inmates in the Turnaround Reentry Program. The program provides resources, mentoring and opportunities for individuals who are returning to the community after incarceration.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

Assessment Area	Lending Test	Investment Test	Service Test
Harrisburg-York-Lebanon, PA CSA	Consistent	Consistent	Consistent
State College, PA MSA	Consistent	Below	Below
Johnstown, PA MSA	Consistent	Below	Below
Williamsport, PA MSA	Below	Below	Below
Youngstown, PA MSA	Below	Below	Below

Harrisburg-York-Lebanon, PA CSA

Examiners performed a limited-scope review to evaluate and rate the bank’s CRA performance in the Harrisburg-York-Lebanon, PA CSA assessment area. This assessment area includes all or portions of Adams, Dauphin, Lebanon, and York Counties. NWB operates eight branches in this assessment area, the same as the prior CRA evaluation. The following table shows loan, investment, and service activity within the Harrisburg-York-Lebanon, PA CSA assessment area.

Activity	#	\$ (000s)
Home Mortgage Loans	698	99,419
Small Business Loans	95	13,816
Small Farm Loans	2	120
Other Real Estate Secured Loans	80	3,681
Community Development Loans	4	511
Investments (New)	11*	4,781
Investments (Prior Period)	0	0
Donations	25	130
Community Development Services	2,797 hours	n/a

* MBS number counted in another assessment area

State College, PA MSA

Examiners performed a limited-scope review to evaluate and rate the bank’s CRA performance in the State College, PA MSA assessment area. This assessment area includes all of Centre County. NWB operates five branches in this assessment area, the same as the prior CRA evaluation. The following table shows loan, investment, and service activity within the State College, PA MSA assessment area.

Activity	#	\$ (000s)
Home Mortgage Loans	606	120,296
Small Business Loans	56	9,357
Small Farm Loans	119	12,072
Other Real Estate Secured Loans	51	3,419
Community Development Loans	12	9,042
Investments (New)	1*	1,133
Investments (Prior Period)	0	0
Donations	20	45
Community Development Services	138 hours	n/a

* MBS number counted in another assessment area

Johnstown, PA MSA

Examiners performed a limited-scope review to evaluate and rate the bank's CRA performance in the Johnstown, PA MSA assessment area. This assessment area includes all Cambria County. NWB operates four branches in this assessment area, the same as the prior CRA evaluation. The following table shows loan, investment, and service activity within the Johnstown, PA MSA assessment area.

Activity	#	\$ (000s)
Home Mortgage Loans	90	5,372
Small Business Loans	19	2,138
Small Farm Loans	1	383
Other Real Estate Secured Loans	9	615
Community Development Loans	4	4,078
Investments (New)	5*	462
Investments (Prior Period)	0	0
Donations	11	139
Community Development Services	360 hours	n/a

* MBS number counted in another assessment area

Williamsport, PA MSA

Examiners performed a limited-scope review to evaluate and rate the bank's CRA performance in the Williamsport, PA MSA assessment area. This assessment area includes all of Lycoming County. NWB operates one branch in this assessment area, the same as the prior CRA evaluation. The following table shows loan, investment, and service activity within the Williamsport, PA MSA assessment area.

Activity	#	\$ (000s)
Home Mortgage Loans	63	8,385
Small Business Loans	16	3,686
Small Farm Loans	37	3,404
Other Real Estate Secured Loans	8	355
Community Development Loans	0	0
Investments (New)	*	153
Investments (Prior Period)	0	0
Donations	3	7
Community Development Services	12 hours	n/a

* MBS number counted in another assessment area

Youngstown, PA MSA

Examiners performed a limited-scope review to evaluate and rate the bank's CRA performance in the Youngstown, PA MSA assessment area. This assessment area includes all of Mercer County. NWB operates one branch in this assessment area, the same as the prior CRA evaluation. The following table shows loan, investment, and service activity within the Youngstown, PA MSA assessment area.

Activity	#	\$ (000s)
Home Mortgage Loans	79	9,307
Small Business Loans	16	3,699
Small Farm Loans	1	153
Other Real Estate Secured Loans	20	885
Community Development Loans	0	0
Investments (New)	*	66
Investments (Prior Period)	0	0
Donations	2	7
Community Development Services	0 hours	n/a

* MBS number counted in another assessment area

Geographic Distribution and Borrower Profile

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018
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
Harrisburg-York-Lebanon PA CSA	300	41,473	44.7	28,543	3.3	0.7	2.3	9.8	9.3	9.4	66.1	62.0	65.4	20.7	28.0	22.8	0.0	0.0	0.0
State College PA MSA	256	46,850	38.2	3,591	0.0	0.0	0.0	16.0	14.5	17.3	51.7	46.9	47.9	31.5	38.7	33.8	0.8	0.0	1.1
Johnstown PA MSA	49	3,021	7.3	2,616	1.4	0.0	0.5	13.3	10.2	7.7	59.3	51.0	57.5	26.0	38.8	34.3	0.0	0.0	0.0
Williamsport PA MSA	29	3,059	4.3	3,066	1.4	0.0	1.4	7.2	0.0	8.1	84.3	89.7	82.5	7.0	10.3	8.0	0.0	0.0	0.0
Youngstown PA MSA	37	4,072	5.5	2,630	3.1	0.0	1.5	8.3	0.0	5.2	66.6	81.1	69.1	22.1	18.9	24.2	0.0	0.0	0.0
Total	671	98,474	100.0	40,446	2.6	0.3	1.9	10.4	10.4	9.6	65.6	57.7	64.9	21.3	31.6	23.5	0.1	0.0	0.1

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

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography

2019

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
Harrisburg-York-Lebanon PA CSA	398	57,946	46.0	--	3.3	2.0	--	9.8	7.3	--	66.1	61.8	--	20.7	28.9	--	0.0	0.0	--
State College PA MSA	350	73,447	40.5	--	0.0	0.0	--	16.0	14.9	--	51.7	42.9	--	31.5	41.7	--	0.8	0.6	--
Johnstown PA MSA	41	2,351	4.7	--	1.4	0.0	--	13.3	14.6	--	59.3	41.5	--	26.0	43.9	--	0.0	0.0	--
Williamsport PA MSA	34	5,325	3.9	--	1.4	0.0	--	7.2	2.9	--	84.3	85.3	--	7.0	11.8	--	0.0	0.0	--
Youngstown PA MSA	42	5,236	4.9	--	3.1	0.0	--	8.3	0.0	--	66.6	64.3	--	22.1	35.7	--	0.0	0.0	--
Total	865	144,305	100.0	--	2.6	0.9	--	10.4	10.2	--	65.6	54.2	--	21.3	34.5	--	0.1	0.2	--

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

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower

2018

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
Harrisburg-York-Lebanon PA CSA	300	41,473	44.7	28,543	20.0	8.7	8.9	18.4	19.7	21.4	22.5	16.3	23.3	39.0	36.3	31.7	0.0	19.0	14.7
State College PA MSA	256	46,850	38.2	3,591	19.6	7.8	8.4	18.5	15.6	18.7	21.5	28.5	24.7	40.3	42.6	40.2	0.0	5.5	8.0
Johnstown PA MSA	49	3,021	7.3	2,616	19.5	18.4	11.6	19.4	28.6	19.8	20.8	28.6	23.5	40.3	24.5	33.8	0.0	0.0	11.3
Williamsport PA MSA	29	3,059	4.3	3,066	20.0	3.4	9.4	18.7	10.3	20.3	22.1	10.3	24.0	39.2	58.6	35.7	0.0	17.2	10.6
Youngstown PA MSA	37	4,072	5.5	2,630	17.8	2.7	8.4	19.9	16.2	20.1	21.1	24.3	25.4	41.2	54.1	36.6	0.0	2.7	9.5
Total	671	98,474	100.0	40,446	19.7	8.5	9.0	18.7	18.2	20.9	22.1	22.1	23.6	39.5	39.8	33.2	0.0	11.5	13.2

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

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower

2019

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
Harrisburg-York-Lebanon PA CSA	398	57,946	46.0	--	20.0	7.5	--	18.4	16.6	--	22.5	19.3	--	39.0	37.4	--	0.0	19.1	--
State College PA MSA	350	73,447	40.5	--	19.6	6.0	--	18.5	21.7	--	21.5	22.3	--	40.3	39.7	--	0.0	10.3	--
Johnstown PA MSA	41	2,351	4.7	--	19.5	26.8	--	19.4	14.6	--	20.8	14.6	--	40.3	39.0	--	0.0	4.9	--
Williamsport PA MSA	34	5,325	3.9	--	20.0	5.9	--	18.7	8.8	--	22.1	14.7	--	39.2	44.1	--	0.0	26.5	--
Youngstown PA MSA	42	5,236	4.9	--	17.8	2.4	--	19.9	16.7	--	21.1	19.0	--	41.2	54.8	--	0.0	7.1	--
Total	865	144,305	100.0	--	19.7	7.5	--	18.7	18.3	--	22.1	20.1	--	39.5	39.5	--	0.0	14.6	--

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

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography

2018

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
Harrisburg-York-Lebanon PA CSA	48	7,619	45.3	12,209	6.9	12.5	5.6	16.2	12.5	12.2	58.8	50.0	62.0	18.1	25.0	20.2	0.0	0.0	0.0
State College PA MSA	34	5,121	32.1	2,085	2.3	0.0	0.0	18.8	44.1	19.2	38.5	35.3	42.4	30.3	17.6	30.7	10.1	2.9	7.6
Johnstown PA MSA	7	803	6.6	1,796	1.8	0.0	1.7	19.0	57.1	15.5	48.0	28.6	52.1	31.2	14.3	30.7	0.0	0.0	0.0
Williamsport PA MSA	8	1,833	7.5	1,633	5.7	0.0	4.1	17.1	12.5	14.4	71.1	87.5	74.1	6.1	0.0	7.4	0.0	0.0	0.0
Youngstown PA MSA	9	2,599	8.5	1,557	5.4	11.1	5.7	10.0	0.0	8.1	60.5	66.7	62.5	24.2	22.2	23.8	0.0	0.0	0.0
Total	106	17,975	100.0	19,280	5.8	6.6	4.5	16.3	24.5	13.1	56.9	48.1	60.0	20.0	19.8	21.5	1.1	0.9	0.8

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

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography

2019

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
Harrisburg-York-Lebanon PA CSA	47	6,197	49.0	--	6.9	12.8	--	15.8	10.6	--	58.7	66.0	--	18.6	10.6	--	0.0	0.0	--
State College PA MSA	22	4,236	22.9	--	2.2	0.0	--	18.6	36.4	--	38.5	31.8	--	30.9	22.7	--	9.9	9.1	--
Johnstown PA MSA	12	1,335	12.5	--	1.8	0.0	--	18.3	25.0	--	48.6	66.7	--	31.4	8.3	--	0.0	0.0	--
Williamsport PA MSA	8	1,853	8.3	--	5.3	0.0	--	16.4	0.0	--	71.7	100.0	--	6.6	0.0	--	0.0	0.0	--
Youngstown PA MSA	7	1,100	7.3	--	5.1	0.0	--	9.8	0.0	--	60.4	85.7	--	24.6	14.3	--	0.0	0.0	--
Total	96	14,721	100.0	--	5.7	6.3	--	15.9	16.7	--	56.9	62.5	--	20.5	12.5	--	1.1	2.1	--

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

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2018
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
Harrisburg-York-Lebanon PA CSA	48	7,619	45.3	12,209	81.0	75.0	47.4	6.1	25.0	13.0	0.0
State College PA MSA	34	5,121	32.1	2,085	79.7	94.1	46.0	5.5	2.9	14.7	2.9
Johnstown PA MSA	7	803	6.6	1,796	76.9	71.4	43.8	6.9	28.6	16.2	0.0
Williamsport PA MSA	8	1,833	7.5	1,633	79.9	87.5	40.2	6.0	12.5	14.1	0.0
Youngstown PA MSA	9	2,599	8.5	1,557	78.2	77.8	45.0	6.9	22.2	14.9	0.0
Total	106	17,975	100.0	19,280	80.2	82.1	46.1	6.1	17.0	13.7	0.9
<i>Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>											

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019
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
Harrisburg-York-Lebanon PA CSA	47	6,197	49.0	--	82.5	76.6	--	5.4	23.4	12.1	0.0
State College PA MSA	22	4,236	22.9	--	81.5	81.8	--	5.0	18.2	13.5	0.0
Johnstown PA MSA	12	1,335	12.5	--	78.2	91.7	--	6.3	0.0	15.4	8.3
Williamsport PA MSA	8	1,853	8.3	--	81.5	62.5	--	5.4	25.0	13.2	12.5
Youngstown PA MSA	7	1,100	7.3	--	79.8	71.4	--	6.3	28.6	13.9	0.0
Total	96	14,721	100.0	--	81.7	78.1	--	5.5	19.8	12.8	2.1
<i>Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>											

Assessment Area Distribution of Other Real Estate Secured Loans by Income Category of the Geography

2018

Assessment Area:	Total Other Real Estate Secured Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Harrisburg-York-Lebanon PA CSA	44	2,266	49.4	6.9	4.5	16.2	13.6	58.8	50.0	18.1	31.8	0.0	0.0
State College PA MSA	30	2,093	33.7	2.3	0.0	18.8	33.3	38.5	50.0	30.3	10.0	10.1	6.7
Johnstown PA MSA	3	65	3.4	1.8	0.0	19.0	0.0	48.0	0.0	31.2	100.0	0.0	0.0
Williamsport PA MSA	5	185	5.6	5.7	0.0	17.1	20.0	71.1	80.0	6.1	0.0	0.0	0.0
Youngstown PA MSA	7	511	7.9	5.4	0.0	10.0	0.0	60.5	57.1	24.2	42.9	0.0	0.0
Total	89	5,120	100.0	5.8	2.2	16.3	19.1	56.9	50.6	20.0	25.8	1.1	2.2

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

Assessment Area Distribution of Other Real Estate Secured Loans by Income Category of the Geography

2019

Assessment Area:	Total Other Real Estate Secured Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Harrisburg-York-Lebanon PA CSA	36	1,415	45.6	6.9	11.1	15.8	8.3	58.7	63.9	18.6	16.7	0.0	0.0
State College PA MSA	21	1,326	26.6	2.2	0.0	18.6	33.3	38.5	28.6	30.9	28.6	9.9	9.5
Johnstown PA MSA	6	550	7.6	1.8	0.0	18.3	16.7	48.6	50.0	31.4	33.3	0.0	0.0
Williamsport PA MSA	3	170	3.8	5.3	0.0	16.4	33.3	71.7	66.7	6.6	0.0	0.0	0.0
Youngstown PA MSA	13	374	16.5	5.1	0.0	9.8	0.0	60.4	76.9	24.6	23.1	0.0	0.0
Total	79	3,835	100.0	5.7	5.1	15.9	15.2	56.9	55.7	20.5	21.5	1.1	2.5

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

Assessment Area Distribution of Other Real Estate Secured Loans by Gross Annual Revenues

2018

Assessment Area:	Total Other Real Estate Secured Loans				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
Harrisburg-York-Lebanon PA CSA	44	2,266	49.4	--	81.0	68.2	--	6.1	9.1	13.0	22.7
State College PA MSA	30	2,093	33.7	--	79.7	76.7	--	5.5	13.3	14.7	10.0
Johnstown PA MSA	3	65	3.4	--	76.9	33.3	--	6.9	33.3	16.2	33.3
Williamsport PA MSA	5	185	5.6	--	79.9	100.0	--	6.0	0.0	14.1	0.0
Youngstown PA MSA	7	511	7.9	--	78.2	85.7	--	6.9	14.3	14.9	0.0
Total	89	5,120	100.0	--	80.2	73.0	--	6.1	11.2	13.7	15.7

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

Assessment Area Distribution of Other Real Estate Secured Loans by Gross Annual Revenues

2019

Assessment Area:	Total Other Real Estate Secured Loans				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
Harrisburg-York-Lebanon PA CSA	36	1,415	45.6	--	82.5	44.4	--	5.4	16.7	12.1	38.9
State College PA MSA	21	1,326	26.6	--	81.5	66.7	--	5.0	14.3	13.5	19.0
Johnstown PA MSA	6	550	7.6	--	78.2	33.3	--	6.3	50.0	15.4	16.7
Williamsport PA MSA	3	170	3.8	--	81.5	33.3	--	5.4	66.7	13.2	0.0
Youngstown PA MSA	13	374	16.5	--	79.8	61.5	--	6.3	23.1	13.9	15.4
Total	79	3,835	100.0	--	81.7	51.9	--	5.5	21.5	12.8	26.6

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

NEW YORK

CRA RATING FOR NEW YORK: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Outstanding

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW YORK

The evaluation for the State of NY considered the bank operations in the following three assessment areas: Buffalo-Cheektowaga, NY MSA; NY Non-MSA; and Rochester, NY MSA. Collectively, the three assessment areas are referred to as the NY rated area. The NY rated assessment area does not include middle-income underserved or distressed tracts. There were two designated disasters that impacted four counties in the NY rated area.

The NY rated area includes 545 census tracts. The demographics of these census tracts include:

- 93 low-income tracts
- 89 moderate-income tracts
- 225 middle-income tracts
- 125 upper-income tracts
- 13 census tracts with no income designation

The following table illustrates select demographic characteristics of the NY rated area. Additional details for each assessment area are contained within the sections for the individual assessment areas.

Demographic Information of the Assessment Area						
Rated Area: New York						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	545	17.1	16.3	41.3	22.9	2.4
Population by Geography	2,096,698	11.8	13.3	43.4	30.5	1.0
Housing Units by Geography	951,040	12.9	14.4	44.9	27.8	0.1
Owner-Occupied Units by Geography	563,353	5.6	10.8	48.1	35.5	0.0
Occupied Rental Units by Geography	292,245	23.3	20.0	38.5	17.9	0.3
Vacant Units by Geography	95,442	23.6	18.3	45.4	12.5	0.3
Businesses by Geography	124,029	10.3	11.9	41.0	34.7	2.0
Farms by Geography	3,668	2.8	4.6	56.8	35.2	0.5
Family Distribution by Income Level	520,575	22.3	16.8	20.1	40.8	0.0
Household Distribution by Income Level	855,598	25.8	15.6	16.8	41.8	0.0
Median Family Income MSA - 15380 Buffalo-Cheektowaga, NY MSA		\$67,108	Median Housing Value			\$123,505
Median Family Income MSA - 40380 Rochester, NY MSA		\$67,757	Median Gross Rent			\$753
Median Family Income Non-MSAs - NY		\$59,570	Families Below Poverty Level			11.1%
<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>						

SCOPE OF EVALUATION – NEW YORK

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within NY. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products. Due to the larger volume of lending, deposits, and branches, the bank’s performance in the Buffalo-Cheektowaga assessment area accounts for the most weight, followed by its performance in the NY Non-MSA assessment area, when arriving at overall conclusions for the NY rated area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW YORK

LENDING TEST

The bank’s Lending Test performance in NY is rated “High Satisfactory.” This rating is driven primarily by performance in the Buffalo-Cheektowaga, NY MSA assessment area. The bank’s performance in the remaining NY assessment areas is consistent with the overall rating; however,

community development lending performance is lesser in both the NY Non-MSA and Rochester, NY MSA assessment areas.

Lending Activity

The bank's lending levels reflect excellent responsiveness to the NY rated area credit needs. For 2018 and 2019, NWB originated 2,880 home mortgage loans totaling approximately \$387.0 million, 397 small business loans totaling approximately \$84.2 million, 7 small farm loans totaling approximately \$194,000, and 523 other loans secured by real estate totaling \$30.6 million. During the review period, the bank's home mortgage, small business, small farm, and other real estate secured loan activity remained stable.

Geographic Distribution

Geographic distribution of loans reflects good penetration throughout the NY rated area. The bank's good performance of home mortgage lending within the Buffalo-Cheektowaga, NY MSA and NY Non-MSA assessment areas primarily supports this conclusion.

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different revenue sizes in the NY rated area. The bank's adequate performance of home mortgage lending in the Buffalo-Cheektowaga, NY MSA assessment area primarily supports this conclusion.

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area. The NeighborWorks Loan Program is specific to the NY rated area.

Community Development Loans

NWB is a leader in making community development loans within the NY rated area, particularly within the Buffalo-Cheektowaga, NY MSA assessment area. NWB made 71 qualified community development loans totaling \$56.1 million. By number and dollar volume, this level represents 25.2 and 28.0 percent of the bank-wide qualified community development loan activity.

The number and dollar volume of community development loans within the NY rated area exceeds that of the prior evaluation period. Specifically, NWB's prior evaluation included 9 community development loans totaling approximately \$19.1 million within the NY rated area. The following table illustrates the bank's community development lending activity by NY assessment area and by community development purpose.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Buffalo-Cheektowaga, NY MSA	30	35,726	24	11,244	0	0	0	0	54	46,970
NY Non-MSA	5	1,389	2	17	2	5,003	0	0	9	6,409
Rochester, NY MSA	3	1,891	5	818	0	0	0	0	8	2,709
Statewide Activities	0	0	0	0	0	0	0	0	0	0
Regional Activities	0	0	0	0	0	0	0	0	0	0
Total	38	39,006	31	12,079	2	5,003	0	0	71	56,088
<i>Source: Bank Data</i>										

For details and examples of NWB’s community development loans originated during the evaluation period, please refer to the Community Development Lending section under the assessment areas receiving full-scope review.

INVESTMENT TEST

An overall “High Satisfactory” rating is assigned under the Investment Test. This rating is driven primarily by performance in the Buffalo-Cheektowaga, NY MSA assessment area. The bank’s performance in the Rochester, NY MSA assessment area is consistent with the overall rating, while the bank’s performance in the NY Non-MSA assessment area is below the overall rating.

Investment and Grant Activity

NWB has a significant level of qualified community development investments and donations in the NY rated area. NWB made qualified investments and donations totaling \$9.3 million. By number and dollar volume, this level represents 22.4 and 15.2 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the NY rated area exceeds that of the prior evaluation period. Specifically, NWB’s prior evaluation included 75 community development investments and grants totaling \$5.2 million within the NY rated area compared to the current evaluation where the bank made 132 investments totaling \$9.3 million. The following table illustrates the bank’s qualified investments and donations activity by assessment area and community development purpose. Additional details by year are contained within the sections for the individual assessment areas.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Buffalo-Cheektowaga, NY MSA	10*	4,207	71	667	12	82	4	11	97*	4,967
NY Non-MSA	5*	143	7	67	0	0	2	5	14*	215
Rochester, NY MSA	7*	2,316	11	79	0	0	0	0	18	2,395
Statewide Activities	3	1,742	0	0	0	0	0	0	3	1,742
Regional Activities	0	0	0	0	0	0	0	0	0	0
Total	25*	8,408	89	813	12	82	6	16	132*	9,319

*Source: Bank Data; * MBS number counted in another assessment area*

Prior Period Investments

- NWB maintains three GNMA and FNMA MBSs totaling \$1.7 million that benefitted low- and moderate-income families within the NY rated area. Examiners were unable to attribute these MBSs to a particular assessment area and included these as statewide activities.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its NY rated area. Management directed the majority of the bank's investments and grants within the NY rated area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB's investments primarily include MBSs.

SERVICE TEST

The bank's Service Test performance in NY is rated "Outstanding." This rating is driven primarily by performance in the Buffalo-Cheektowaga, NY MSA assessment area. The bank's performance in the remaining NY assessment areas is consistent with the overall NY rating.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the institution's assessment area. NWB serves the NY rated area with 35 branches, including 25 in the Buffalo-Cheektowaga, NY MSA assessment area; 6 in the NY Non-MSA assessment area; and 4 in the Rochester, NY MSA assessment area. The following table details the bank's branching and ATM distribution. For additional information on the distribution of branches and ATMs, refer to the individual assessment areas under the Service Test.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	93	17.1	247,882	11.8	3	8.6	8	17.4
Moderate	89	16.3	278,361	13.3	5	14.3	6	13.0
Middle	225	41.3	910,325	43.4	15	42.9	15	32.6
Upper	125	22.9	639,289	30.5	11	31.4	16	34.8
NA	13	2.4	20,841	1.0	1	2.8	1	2.2
Total	545	100.0	2,096,698	100.0	35	100.0	46	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for NY are consistent with the institution overall.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate income individuals. During the review period, NWB acquired 18 branches, opened 2 branches, relocated 2 branches, and closed 2 branches. All of NWBs changes in New York branch locations occurred in the Buffalo-Cheektowaga, NY MSA. Additional details are contained within the section for the individual assessment area.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s NY assessment areas, particularly low- and moderate -income geographies and/or individuals. All of the NY assessment areas had good reasonableness of business hours and services. Operating hours and services at the branches do not vary significantly from branch -to -branch and reflect the needs of the local communities they serve Branch hours are convenient and comparable to other local financial institutions operating within each NY assessment area.

Community Development Services

NWB is a leader in providing community development services within its New York combined assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. NWB also partnered with EVERFI to provide online financial education programs to students across four different NY Counties. Bank officers and employees provided community development services to more than 147 schools and community development organizations in the bank’s NY combined assessment area during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by assessment area and purpose. Additional details and specific examples are contained within the sections for the individual assessment areas.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Buffalo-Cheektowaga, NY MSA	129	7,516	119	382	8,146
NY Non-MSA	28	362	48	304	742
Rochester, NY MSA	120	658	0	167	945
Total	277	8,536	167	853	9,833
<i>Source: Bank Data</i>					

BUFFALO-CHEEKTOWAGA, NY MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BUFFALO- CHEEKTOWAGA, NY MSA ASSESSMENT AREA

Economic and Demographic Data

The Buffalo-Cheektowaga, NY MSA assessment area includes Erie and Niagara Counties in their entireties. There was one designated disaster for flooding that impacted Niagara County in 2017. In addition, there was one designated disaster for severe storms, straight-line winds, and flooding that impacted Erie County in 2019. There have been no changes to this assessment area since the previous CRA evaluation.

The Buffalo-Cheektowaga, NY MSA assessment area includes 297 census tracts. The demographics of these census tracts include:

- 46 low-income tracts
- 54 moderate-income tracts
- 119 middle-income tracts
- 70 upper-income tracts
- 8 census tract with no income designation

The following table illustrates select demographic characteristics of the Buffalo-Cheektowaga, NY MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Buffalo-Cheektowaga, NY MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	297	15.5	18.2	40.1	23.6	2.7
Population by Geography	1,135,734	12.7	13.5	40.0	32.5	1.3
Housing Units by Geography	519,952	14.3	15.0	40.6	29.9	0.2
Owner-Occupied Units by Geography	311,183	6.9	11.4	43.8	37.9	0.0
Occupied Rental Units by Geography	159,470	23.9	19.7	37.1	18.9	0.4
Vacant Units by Geography	49,299	29.7	22.7	32.0	15.1	0.5
Businesses by Geography	68,150	9.4	12.3	37.4	37.5	3.5
Farms by Geography	1,922	3.2	4.4	48.0	43.4	1.0
Family Distribution by Income Level	284,789	22.2	16.6	20.3	40.9	0.0
Household Distribution by Income Level	470,653	25.9	15.3	16.5	42.3	0.0
Median Family Income MSA - 15380 Buffalo-Cheektowaga, NY MSA		\$67,108	Median Housing Value			\$125,586
			Median Gross Rent			\$726
			Families Below Poverty Level			10.7%
<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>						

Based on 2015 ACS Census data, there are 519,952 housing units in the assessment area. Of these housing units, 59.8 percent are owner-occupied, 30.7 percent are occupied rental units, and 9.5 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are no owner-occupied housing units in the census tracts without an income designation.

Examiners used the 2018 and 2019 FFIEC-updated MFI to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Buffalo-Cheektowaga-Niagara Falls, NY MSA Median Family Income (15380)				
2018 (\$74,700)	<\$37,350	\$37,350 to <\$59,760	\$59,760 to <\$89,640	≥\$89,640
Buffalo-Cheektowaga, NY MSA Median Family Income (15380)				
2019 (\$76,900)	<\$38,450	\$38,450 to <\$61,520	\$61,520 to <\$92,280	≥\$92,280
<i>Source FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2019 D&B data, there were 68,150 non-farm businesses. GARs for these businesses are below.

- 81.2 percent have \$1 million or less
- 6.8 percent have more than \$1 million
- 12.0 percent have unknown revenues

For 2019, service industries represent the largest portion of businesses at 43.6 percent; followed by retail trade (14.6 percent); non-classifiable establishments (12.3 percent), and finance, insurance, and real estate (7.3 percent). In addition, 62.2 percent of area businesses have four or fewer employees and 86.8 percent operate from a single location.

Competition

The bank's Buffalo-Cheektowaga, NY MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 18 financial institutions that operated 255 full-service branches within the bank's Buffalo-Cheektowaga, NY MSA assessment area. Of these institutions, NWB ranked 4th with a 4.1 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 254 lenders reported 28,852 home mortgage loans originated or purchased. NWB ranked 9th out of this group of lenders, with a market share of 3.4 percent by number of loans.

There is a moderate level of competition for small business loans within the bank's Buffalo-Cheektowaga, NY MSA assessment area. In 2018, 95 lenders reported 16,021 small business loans originated or purchased. NWB ranked 15th out of this group of lenders, with a market share of 0.9 percent. The three most prominent small business lenders, all credit card lenders, accounted for 42.9 percent of total market share.

Community Contact

Examiners reviewed a recent community contact with a representative of a non-profit community development corporation serving the rural communities in southern Erie County. The contact stated that the population served by local community banks tends to be older or lower income, with fewer job opportunities available to them in general. Nonetheless, despite this economic challenge, the population has remained stable since the last CRA evaluation. Overall, the contact identified an ongoing credit need for home improvement loans.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, and demographic data, the bank's Buffalo-Cheektowaga, NY MSA assessment area has specific credit and community development needs. Demand for home mortgage loans exists throughout the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BUFFALO-CHEEKTOWAGA, NY MSA ASSESSMENT AREA

LENDING TEST

NWB demonstrated good performance under the Lending Test. The Geographic Distribution criterion performance supports this conclusion. NWB is a leader in making community development loans within the Buffalo-Cheektowaga, NY MSA.

Lending Activity

The bank's lending levels reflect excellent responsiveness to the Buffalo-Cheektowaga, NY MSA assessment area credit needs. For 2018 and 2019, NWB originated 2,208 home mortgage loans totaling approximately \$311.0 million, 296 small business loans totaling approximately \$66.2 million, 3 small farm loans totaling approximately \$52,000, and 387 other loans secured by real estate totaling \$24.0 million. During the review period, the bank's home mortgage lending activity increased, while small business, small farm, and other real estate secured loan activity remained stable.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the Buffalo-Cheektowaga, NY MSA assessment area. The bank's good performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of home mortgage loans in low-income census tracts exceeded aggregate lending data in 2018. In 2019, the bank decreased lending in low-income census tracts, and the bank's performance was below demographic data. The geographic distribution of home mortgage loans in moderate-income census tracts was below aggregate lending and demographic data in 2018. In 2019, the bank increased the percentage of lending in moderate-income census tracts; however, the bank's performance was still below demographic data.

In 2018, the bank ranked 8th (4.5 percent market share) out of 101 lenders who originated and/or purchased 1,272 loans totaling \$150.0 million to low-income borrowers located within in this assessment area. The top three lenders, who combined captured 31.1 percent of the market share by originating and/or purchasing 395 home mortgage loans totaling \$43.5 million. In 2018, the bank ranked 13th (2.1 percent market share) out of 124 lenders who originated and/or purchased 2,737 loans totaling \$301.1 million to moderate-income borrowers located within in this assessment area. The top three lenders, who combined captured 30.7 percent of the market share by originating and/or purchasing 840 home mortgage loans totaling \$65.2 million.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Buffalo-Cheektowaga, NY MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	6.9	4.4	57	5.9	6,963	5.3
2019	6.9	--	49	4.0	3,872	2.2
Moderate						
2018	11.4	9.5	58	6.0	6,180	4.7
2019	11.4	--	103	8.3	8,663	4.8
Middle						
2018	43.8	44.4	372	38.4	54,199	41.3
2019	43.8	--	454	36.6	50,557	28.1
Upper						
2018	37.9	41.6	479	49.5	63,008	48.0
2019	37.9	--	633	51.0	116,441	64.8
Not Available						
2018	0.0	0.0	2	0.2	944	0.7
2019	0.0	--	1	0.1	170	0.1
Totals						
2018	100.0	100.0	968	100.0	131,295	100.0
2019	100.0	--	1,240	100.0	179,702	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. Examiners compared the bank's small business lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of small business loans in low-income census tracts was below aggregate lending and demographic data in 2018. In 2019, the bank increased lending in low-income census tracts; however, the bank's performance was still below demographic data. The geographic distribution of small business loans in moderate-income census tracts exceeded aggregate lending and demographic data in 2018. In 2019, the bank decreased the percentage of lending in moderate-income census tracts, and the bank's performance was below demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Buffalo-Cheektowaga, NY MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	9.1	8.8	8	5.4	1,532	4.8
2019	9.4	--	9	6.0	1,596	4.6
Moderate						
2018	12.2	11.2	20	13.6	3,538	11.2
2019	12.3	--	12	8.1	2,958	8.6
Middle						
2018	37.9	36.4	54	36.7	9,494	30.0
2019	37.4	--	56	37.6	14,819	42.9
Upper						
2018	37.2	41.4	59	40.1	15,011	47.4
2019	37.5	--	62	41.6	11,635	33.7
Not Available						
2018	3.6	2.2	6	4.1	2,122	6.7
2019	3.5	--	10	6.7	3,517	10.2
Totals						
2018	100.0	100.0	147	100.0	31,697	100.0
2019	100.0	--	149	100.0	34,525	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The geographic distribution of other real estate secured loans reflects good penetration throughout the assessment area. Examiners compared the bank's other real estate secured lending to demographic data.

As shown in the following table, the geographic distribution of other real estate secured loans in low-income census tracts was below demographic data in both 2018 and 2019, while the geographic distribution of other real estate secured loans in moderate-income census tracts exceeded demographic data in both 2018 and 2019.

Geographic Distribution of Other Real Estate Secured Loans						
Assessment Area: Buffalo-Cheektowaga, NY MSA						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2018	9.1	10	5.0	462	3.5
	2019	9.4	13	7.0	716	6.7
Moderate						
	2018	12.2	30	14.9	2,470	18.7
	2019	12.3	27	14.6	2,257	21.0
Middle						
	2018	37.9	85	42.1	4,972	37.6
	2019	37.4	59	31.9	2,818	26.3
Upper						
	2018	37.2	68	33.7	4,049	30.6
	2019	37.5	70	37.8	3,709	34.6
Not Available						
	2018	3.6	9	4.5	1,275	9.6
	2019	3.5	16	8.6	1,235	11.5
Totals						
	2018	100.0	202	100.0	13,228	100.0
	2019	100.0	185	100.0	10,735	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes in the Buffalo-Cheektowaga, NY MSA assessment area. The bank's adequate performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is adequate. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the distribution of home mortgage loans to low-income borrowers is below aggregate lending data in 2018. In 2019, the bank decreased lending activity to low-income borrowers. The bank's level of lending activity is also below demographic data in both years; however, a low-income family in the assessment area, with an income less than \$36,850,

would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$148,779.

In 2018, the distribution of home mortgage loans to moderate-income borrowers is below aggregate lending data; however, the bank's performance exceeds demographic data. In 2019, the bank's performance remained consistent and exceeded demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Buffalo-Cheektowaga, NY MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	22.2	9.7	84	8.7	5,186	4.0
2019	22.2	--	83	6.7	4,942	2.8
Moderate						
2018	16.6	22.7	180	18.6	13,786	10.5
2019	16.6	--	230	18.5	17,777	9.9
Middle						
2018	20.3	23.5	228	23.6	19,612	14.9
2019	20.3	--	278	22.4	26,206	14.6
Upper						
2018	40.9	32.3	409	42.3	60,795	46.3
2019	40.9	--	600	48.4	96,673	53.8
Not Available						
2018	0.0	11.8	67	6.9	31,916	24.3
2019	0.0	--	49	4.0	34,104	19.0
Totals						
2018	100.0	100.0	968	100.0	131,295	100.0
2019	100.0	--	1,240	100.0	179,702	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank's small business lending to demographic and aggregate lending data.

As shown in the following table, the bank's performance of lending to businesses with GARs less than or equal to \$1 million exceeds aggregate lending data in 2018; however, the bank's performance is below demographic data. In 2019, the bank increased lending to businesses with GARs less than or equal to \$1 million, but remained below demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Buffalo-Cheektowaga, NY MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	80.1	44.0	98	66.7	20,935	66.0
2019	81.2	--	110	73.8	26,556	76.9
>1,000,000						
2018	7.4	--	49	33.3	10,762	34.0
2019	6.8	--	39	26.2	7,969	23.1
Revenue Not Available						
2018	12.5	--	0	0.0	0	0.0
2019	12.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	147	100.0	31,697	100.0
2019	100.0	--	149	100.0	34,525	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The distribution of other real estate secured loans reflects adequate penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s other real estate secured lending to demographic data

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million is significantly below demographic data in both 2018 and 2019; however, the bank reported a large number of loans with GARs not available, particularly in 2019.

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: Buffalo-Cheektowaga, NY MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	80.1	89	44.1	1,883	14.2
2019	81.2	70	37.8	2,845	26.5
>1,000,000					
2018	7.4	54	26.7	10,065	76.1
2019	6.8	39	21.1	6,501	60.6
Revenue Not Available					
2018	12.5	59	29.2	1,280	9.7
2019	12.0	76	41.1	1,389	12.9
Totals					
2018	100.0	202	100.0	13,228	100.0
2019	100.0	185	100.0	10,735	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area. The NeighborWorks Loan Program is specific to the Buffalo-Cheektowaga, NY MSA assessment area.

Community Development Loans

NWB is a leader in making community development loans in the Buffalo-Cheektowaga, NY MSA assessment area. The number and dollar volume of community development loans has increased significantly since the previous evaluation. Specifically, NWB's prior evaluation included 5 community development loans totaling approximately \$18.9 million during a 39-month period compared to the current evaluation where the bank originated 54 community development loans totaling approximately \$47.0 million. The following table illustrates the bank's community development lending activity in the Buffalo-Cheektowaga, NY MSA assessment area by activity year and by community development purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/22/2016-12/31/2016	2	407	0	0	0	0	0	0	2	407
2017	6	1,425	8	4,435	0	0	0	0	14	5,860
2018	14	5,378	9	3,622	0	0	0	0	23	9,000
2019	8	28,516	6	287	0	0	0	0	14	28,803
1/1/2020-6/29/2020	0	0	1	2,900	0	0	0	0	1	2,900
Total	30	35,726	24	11,244	0	0	0	0	54	46,970

Source: Bank Data

The following originations are a sample of community development loans made to organizations and corporations that benefit the Buffalo-Cheektowaga, NY MSA assessment area.

In 2020, NWB originated a \$2.9 million line of credit to a college in Hamburg, NY. Due to the COVID-19 pandemic, all classes converted to on-line learning at the mid-point of the spring 2020 semester. The college used loan proceeds to refund room and board costs and to provide scholarships to returning students for the fall 2020 semester. Approximately 54 percent of students receive Pell grants, which is a program that provides grants to low-income undergraduate and certain post graduate students to promote access to post-secondary education. This loan provides community services targeted to low- and moderate-income individuals.

In 2019, NWB originated a \$20.7 million construction/permanent mortgage to a borrower that will construct a new 96-bed assisted living, enhanced assisted living, and memory care facility in Clarence, NY. The majority of the organization’s revenues (57 percent) come from Medicaid. This loan provides affordable housing targeted to low- and moderate-income individuals.

In 2018, NWB originated a \$3.0 time note to an organization that provides mental health and substance use disorders treatment and rehabilitation services for children, adolescents, and adults primarily in Erie County, NY. The majority of the organization’s revenues (83 percent) came from Medicaid in 2018. Loan proceeds financed the acquisition of property that includes a medical office, carriage house, and parking lot for the organization. This loan provides community services targeted to low- and moderate-income individuals.

In 2017, NWB originated a \$1.95 million term loan to a charter school in Buffalo, NY. The majority of students attending the school receive free or reduced-price lunches. Loan proceeds purchased property in a moderate-income census tract to relocate the middle school students. This loan provides community services targeted to low- and moderate-income individuals.

INVESTMENT TEST

NWB demonstrated good performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

NWB has a significant level of qualified donations and grants. During the review period, NWB purchased equity investments totaling \$4.2 million that benefitted low- and moderate-income families within the Buffalo-Cheektowaga, NY MSA assessment area and 97 qualified donations totaling \$789,485. The dollar volume of community development investments and grants has increased since the previous evaluation. Specifically, NWB’s prior evaluation included community development investments and grants totaling approximately \$1.5 million during a 39-month period.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
8/22/2016-12/31/2016	*	998	0	0	0	0	0	0	*	998
2017	*	1,209	0	0	0	0	0	0	*	1,209
2018	*	1,120	0	0	0	0	0	0	*	1,120
2019	*	851	0	0	0	0	0	0	*	851
1/1/2020-6/29/2020	0	0	0	0	0	0	0	0	0	0
Subtotal	*	4,178	0	0	0	0	0	0	*	4,178
Qualified Grants & Donations	10	29	71	667	12	82	4	11	97	789
Total	10*	4,207	71	667	12	82	4	11	97*	4,967

*Source: Bank Data; * MBS number counted in another assessment area*

- During the review period, NWB purchased GNMA and FNMA MBSs totaling \$4.2 million that benefitted low- and moderate-income families within the Buffalo-Cheektowaga, NY MSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated approximately \$63,466 to EverFi, a financial education program, to schools in the Buffalo-Cheektowaga, NY MSA assessment area during the exam period.
- The bank donated \$20,000 to an organization that helps small startup businesses.
- The bank donated \$15,000 to an organization working to improve the quality of life for low-income residents of Buffalo, particularly veterans.
- The bank donated \$10,000 to an organization offering a transitional residence program for individuals recently released from prison.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its Buffalo-Cheektowaga, NY MSA assessment area. Management directed the majority

of the bank’s investments and grants within the Buffalo-Cheektowaga, NY MSA assessment area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB’s investments primarily include MBSs.

SERVICE TEST

NWB demonstrated excellent performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the institution’s assessment area. NWB serves the Buffalo-Cheektowaga, NY MSA assessment area with 25 branches and 35 full-service ATMs. The following table details the bank’s branching and ATM distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	46	15.5	144,517	12.7	2	8.0	6	17.1
Moderate	54	18.2	153,010	13.5	4	16.0	5	14.3
Middle	119	40.0	453,732	40.0	9	36.0	9	25.7
Upper	70	23.6	369,261	32.5	9	36.0	14	40.0
NA	8	2.7	15,214	1.3	1	4.0	1	2.9
Total	297	100.0	1,135,734	100.0	25	100.0	35	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for the assessment area are consistent with the institution overall.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate income individuals. As previously stated, all opening of branch locations occurred within this assessment area. Notably, NWB opened the Jefferson Avenue Office in January 2019, which was the first new bank branch to be constructed in several years on Buffalo’s East Side which is located in a low-income census tract. Furthermore, it was the neighborhood’s first stand-alone, full-service branch and earned the Buffalo Business First’s Brick-By-Brick Community Revitalization Award.

In addition, five of the acquired branches are located in low- or moderate-income geographies. All other acquired, opened, relocated, and closed branches occurred in middle- or upper-income geographies.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s Buffalo-Cheektowaga, NY MSA assessment area, particularly low- and moderate -income geographies and/or individuals. Operating hours and services at the branches do not vary significantly from branch -to -branch and reflect the needs of the local communities they serve. Branch hours are convenient and comparable to other local financial institutions operating within this area.

Community Development Services

NWB is a leader in providing community development services within its Buffalo-Cheektowaga, NY MSA assessment area. Furthermore, NWB and the Buffalo Niagara Community Reinvestment Coalition joined forces to help improve credit accessibility and financial awareness and responsibility within the Buffalo-Niagara.

Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. In addition, bank employees have provided multiple first time homebuyer programs. NWB also partnered with EVERFI to provide online financial education programs to high schools and elementary schools across Niagara and Erie Counties and bank employees provided 3,264 hours to this community service. In addition, NWB employees provided 3,452 hours of financial literacy instruction for the “Engage” financial education workshops offered through EVERFI for adults.

The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by activity year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/23/2016 – 12/31/2016	0	842	0	0	842
2017	0	1,050	0	0	1,050
2018	37	2,099	0	0	2,136
2019	56	2,363	71	370	2,860
1/1/2020 – 6/29/2020	36	1,162	48	12	1,258
Total	129	7,516	119	382	8,146
<i>Source: Bank Data</i>					

The following are representative examples of community development service activity in the Buffalo-Cheektowaga, NY MSA assessment area.

- **First Shiloh Housing Corporation (FSHC)** – A bank employee serves as a member on the Board of this non-profit organization. FSHC is dedicated to providing quality-housing facilities and services to low- and moderate-income residents of Erie County.
- **Buffalo Urban Development Corporation (BUDC)** – A bank employee serves as a

member on the Board and Finance Committee of this non-profit organization. BUDC is the city of Buffalo's development agency, reclaiming distressed land and building for future development.

- **Say Yes to Education Buffalo** – A bank employee volunteers their financial expertise during workshops provided for students and parents by this partnership. Say Yes to Education Buffalo was started to provide college scholarships to low- and moderate-income students in several cities. Say Yes to Education Buffalo has taken it one step further to include wrap around services such as family support, free legal services, resume preparation and Saturdays academies. At the academies, students and parents can take part in cultural enrichment, a food pantry, clothing drives, and workshops (resume, financial, etc.).

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED- SCOPE ASSESSMENT AREAS

NY NON-MSA

LENDING TEST

The institution's Lending Test performance in the NY-Non MSA assessment area is consistent with the performance in the NY rated area. For 2018 and 2019, NWB originated 430 home mortgage loans totaling approximately \$45.1 million, 72 small business loans totaling approximately \$12.0 million, 4 small farm loans totaling approximately \$142,000, and 90 other loans secured by real estate totaling \$4.6 million.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Assessment Area: NY Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	1.0	0.6	4	1.9	201	0.9
2019	1.0	--	0	0.0	0	0.0
Moderate						
2018	8.7	6.9	14	6.7	791	3.7
2019	8.7	--	15	6.8	797	3.4
Middle						
2018	88.3	90.8	184	88.5	20,091	93.1
2019	88.3	--	196	88.3	21,136	90.0
Upper						
2018	2.0	1.7	6	2.9	492	2.3
2019	2.0	--	11	5.0	1,556	6.6
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	208	100.0	21,575	100.0
2019	100.0	--	222	100.0	23,490	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

Geographic Distribution of Small Business Loans						
Assessment Area: NY Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	7.0	5.5	8	23.5	1,948	41.6
2019	6.9	--	8	21.1	733	10.1
Moderate						
2018	10.9	9.8	2	5.9	354	7.6
2019	10.7	--	2	5.3	110	1.5
Middle						
2018	79.6	82.6	22	64.7	2,118	45.3
2019	79.8	--	26	68.4	5,969	82.0
Upper						
2018	2.5	2.2	2	5.9	260	5.6
2019	2.6	--	2	5.3	467	6.4
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	34	100.0	4,680	100.0
2019	100.0	--	38	100.0	7,279	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

Geographic Distribution of Other Real Estate Secured Loans					
Assessment Area: NY Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	7.0	11	22.0	715	27.8
2019	6.9	8	20.0	920	45.1
Moderate					
2018	10.9	3	6.0	35	1.4
2019	10.7	1	2.5	10	0.5
Middle					
2018	79.6	33	66.0	1,656	64.5
2019	79.8	30	75.0	1,105	54.2
Upper					
2018	2.5	3	6.0	163	6.3
2019	2.6	1	2.5	5	0.2
Not Available					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
Totals					
2018	100.0	50	100.0	2,569	100.0
2019	100.0	40	100.0	2,040	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: NY Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	24.4	10.6	25	12.0	1,088	5.0
2019	24.4	--	25	11.3	1,418	6.0
Moderate						
2018	18.8	22.9	37	17.8	2,295	10.6
2019	18.8	--	29	13.1	1,988	8.5
Middle						
2018	21.8	23.2	49	23.6	3,775	17.5
2019	21.8	--	54	24.3	3,980	16.9
Upper						
2018	35.1	33.4	84	40.4	12,688	58.8
2019	35.1	--	95	42.8	13,055	55.6
Not Available						
2018	0.0	9.9	13	6.3	1,729	8.0
2019	0.0	--	19	8.6	3,049	13.0
Totals						
2018	100.0	100.0	208	100.0	21,575	100.0
2019	100.0	--	222	100.0	23,490	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: NY Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	76.3	45.4	27	79.4	2,212	47.3
2019	77.2	--	19	50.0	2,866	39.4
>1,000,000						
2018	7.1	--	7	20.6	2,468	52.7
2019	6.7	--	19	50.0	4,413	60.6
Revenue Not Available						
2018	16.6	--	0	0.0	0	0.0
2019	16.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	34	100.0	4,680	100.0
2019	100.0	--	38	100.0	7,279	100.0

*Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Other Real Estate Secured Loans

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: NY Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	76.3	26	52.0	558	21.7
2019	77.2	14	35.0	1,032	50.6
>1,000,000					
2018	7.1	14	28.0	1,806	70.3
2019	6.7	6	15.0	648	31.8
Revenue Not Available					
2018	16.6	10	20.0	205	8.0
2019	16.0	20	50.0	360	17.6
Totals					
2018	100.0	50	100.0	2,569	100.0
2019	100.0	40	100.0	2,040	100.0

*Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Community Development Loans

NWB's community development lending performance in the NY Non-MSA assessment area is below its performance in the NY rated area. During the review period, the bank originated nine community development loans totaling approximately \$6.4 million.

INVESTMENT TEST

NWB's community development investment performance in the NY Non-MSA assessment area is below its performance in the NY rated area. During the review period, NWB purchased a FNMA MBS totaling \$131,440 that benefitted low- and moderate-income families within the NY Non-MSA assessment area and 14 qualified donations totaling \$83,359.

SERVICE TEST

NWB's Service Test performance in the assessment area is consistent with its performance in the NY rated area. Products, services, and business hours are similar to those offered within the full-scope assessment area. The bank's community development service performance in the assessment

area is also consistent with the bank's performance in the NY rated area. During the review period, NWB provided 742 hours of community development service hours across Chautauqua County.

ROCHESTER, NY MSA

LENDING TEST

The institution's Lending Test performance in the Rochester, NY MSA assessment area is consistent with the performance in the NY rated area. For 2018 and 2019, NWB originated 242 home mortgage loans totaling approximately \$30.9 million, 29 small business loans totaling approximately \$6.1 million, 0 small farm loans, and 46 other loans secured by real estate totaling \$2.1 million.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Rochester, NY MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	5.1	3.8	20	18.5	1,462	13.2
2019	5.1	--	19	14.2	2,447	12.3
Moderate						
2018	10.4	10.0	15	13.9	899	8.1
2019	10.4	--	16	11.9	3,194	16.1
Middle						
2018	42.4	43.2	38	35.2	4,846	43.6
2019	42.4	--	48	35.8	5,197	26.2
Upper						
2018	42.1	43.0	35	32.4	3,905	35.1
2019	42.1	--	51	38.1	8,998	45.4
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	108	100.0	11,112	100.0
2019	100.0	--	134	100.0	19,836	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

Geographic Distribution of Small Business Loans						
Assessment Area: Rochester, NY MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	12.7	10.4	4	26.7	188	8.1
2019	12.5	--	0	0.0	0	0.0
Moderate						
2018	11.7	10.3	3	20.0	335	14.4
2019	11.6	--	3	21.4	1,445	38.8
Middle						
2018	37.5	36.9	5	33.3	1,278	54.8
2019	37.3	--	4	28.6	1,515	40.6
Upper						
2018	37.8	42.3	3	20.0	531	22.8
2019	38.3	--	7	50.0	767	20.6
Not Available						
2018	0.3	0.1	0	0.0	0	0.0
2019	0.3	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	15	100.0	2,332	100.0
2019	100.0	--	14	100.0	3,727	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

Geographic Distribution of Other Real Estate Secured Loans					
Assessment Area: Rochester, NY MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	12.7	2	11.8	30	7.8
2019	12.5	2	6.9	400	24.0
Moderate					
2018	11.7	4	23.5	133	34.6
2019	11.6	2	6.9	525	31.5
Middle					
2018	37.5	7	41.2	190	49.5
2019	37.3	12	41.4	310	18.6
Upper					
2018	37.8	4	23.5	31	8.1
2019	38.3	13	44.8	432	25.9
Not Available					
2018	0.3	0	0.0	0	0.0
2019	0.3	0	0.0	0	0.0
Totals					
2018	100.0	17	100.0	384	100.0
2019	100.0	29	100.0	1,667	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Rochester, NY MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	22.0	8.8	9	8.3	678	6.1
2019	22.0	--	13	9.7	1,125	5.7
Moderate						
2018	16.3	21.2	17	15.7	1,086	9.8
2019	16.3	--	34	25.4	3,353	16.9
Middle						
2018	19.3	22.0	18	16.7	1,601	14.4
2019	19.3	--	24	17.9	2,888	14.6
Upper						
2018	42.3	34.1	54	50.0	6,057	54.5
2019	42.3	--	54	40.3	8,266	41.7
Not Available						
2018	0.0	14.0	10	9.3	1,689	15.2
2019	0.0	--	9	6.7	4,204	21.2
Totals						
2018	100.0	100.0	108	100.0	11,112	100.0
2019	100.0	--	134	100.0	19,836	100.0

*Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Small Business Loans

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Rochester, NY MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	81.0	45.0	12	80.0	2,186	93.7
2019	82.4	--	9	64.3	3,309	88.8
>1,000,000						
2018	7.6	--	3	20.0	146	6.3
2019	6.8	--	5	35.7	418	11.2
Revenue Not Available						
2018	11.4	--	0	0.0	0	0.0
2019	10.8	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	15	100.0	2,332	100.0
2019	100.0	--	14	100.0	3,727	100.0

*Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Other Real Estate Secured Loans

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: Rochester, NY MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	81.0	5	29.4	29	7.6
2019	82.4	8	27.6	1,025	61.5
>1,000,000					
2018	7.6	3	17.6	185	48.2
2019	6.8	5	17.2	345	20.7
Revenue Not Available					
2018	11.4	9	52.9	170	44.3
2019	10.8	16	55.2	297	17.8
Totals					
2018	100.0	17	100.0	384	100.0
2019	100.0	29	100.0	1,667	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Community Development Loans

NWB’s community development lending performance in the Rochester, NY MSA assessment area is below its performance in the NY rated area. During the review period, the bank originated eight community development loans totaling approximately \$2.7 million.

INVESTMENT TEST

NWB’s community development investment performance in the Rochester, NY MSA assessment area is consistent with its performance in the NY rated area. During the review period, the bank purchased GNMA and FNMA MBSs totaling \$2.3 million (\$2,301,186) that benefitted low- and moderate-income families within the Rochester, NY MSA assessment area and 18 qualified donations totaling \$93,491.

SERVICE TEST

NWB’s Service Test performance in the assessment area is consistent with its performance in the NY rated area. Products, services, and business hours are similar to those offered within the full-scope assessment area. The bank’s community development service performance in the assessment area is also consistent with the bank’s performance in the NY rated area. During the review period, NWB provided 945 community development service hours across Monroe County.

OHIO

CRA RATING FOR OHIO: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO

Economic and Demographic Data

NWB designates one assessment area in OH. This assessment area includes all or portions of Ashtabula, Cuyahoga, Erie, Lake, Lorain, Portage, and Summit Counties. Specifically, the Cleveland-Akron-Canton, OH CSA assessment area includes all 58 census tracts in Lake County, all 73 census tracts in Lorain County, and 27 of 447 census tracts in Cuyahoga County, which are part of the Cleveland-Elyria, OH MSA. In addition, this assessment area includes 11 of 35 census tracts in Portage County and 28 of 135 census tracts in Summit County, which are part of the Akron, OH MSA. Finally, the assessment area includes all 26 census tracts in Ashtabula County and 3 of 19 census tracts in Erie County, both located outside any MSA. Both MSAs and Ashtabula County are part of the larger Cleveland-Akron-Canton, OH CSA. Erie County is included within this analysis as it does not extend substantially beyond MSA boundaries. There were no designated disasters that affected the Cleveland-Akron-Canton, OH CSA assessment area during the review period. There have been no changes to this assessment area since the previous CRA evaluation.

The Cleveland-Akron-Canton, OH CSA assessment area includes 226 census tracts. The demographics of these census tracts include:

- 12 low-income tracts
- 37 moderate-income tracts
- 110 middle-income tracts
- 66 upper-income tracts; and
- 1 census tract with no income designation

The following table illustrates select demographic characteristics of the Cleveland-Akron-Canton, OH CSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Cleveland-Akron-Canton, OH CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	226	5.3	16.4	48.7	29.2	0.4
Population by Geography	935,782	4.3	14.3	46.2	35.2	0.0
Housing Units by Geography	407,317	4.2	15.4	47.8	32.6	0.0
Owner-Occupied Units by Geography	266,732	2.4	11.2	47.3	39.1	0.0
Occupied Rental Units by Geography	105,206	7.3	24.3	49.0	19.3	0.0
Vacant Units by Geography	35,379	8.1	21.3	48.4	22.2	0.0
Businesses by Geography	59,575	2.4	12.7	43.6	41.3	0.0
Farms by Geography	2,053	0.8	10.4	51.3	37.5	0.0
Family Distribution by Income Level	244,827	17.9	16.5	20.9	44.7	0.0
Household Distribution by Income Level	371,938	20.7	14.8	17.6	46.9	0.0
Median Family Income MSA - 10420 Akron, OH MSA		\$65,716	Median Housing Value			\$148,779
Median Family Income MSA - 17460 Cleveland-Elyria, OH MSA		\$65,821	Median Gross Rent			\$812
Median Family Income Non-MSAs - OH		\$55,785	Families Below Poverty Level			8.5%
<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>						

Based on 2015 ACS Census data, there are 407,317 housing units in the assessment area. Of these housing units, 65.5 percent are owner-occupied, 25.8 percent are occupied rental units, and 8.7 percent are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. There are no owner-occupied housing units in the census tracts without an income designation.

Examiners used the 2018 and 2019 FFIEC-updated MFI to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Akron, OH MSA Median Family Income (10420)				
2018 (\$73,200)	<\$36,600	\$36,600 to <\$58,560	\$58,560 to <\$87,840	≥\$87,840
2019 (\$72,300)	<\$36,150	\$36,150 to <\$57,840	\$57,840 to <\$86,760	≥\$86,760
Cleveland-Elyria, OH MSA Median Family Income (17460)				
2018 (\$70,700)	<\$35,350	\$35,350 to <\$56,560	\$56,560 to <\$84,840	≥\$84,840
2019 (\$73,700)	<\$36,850	\$36,850 to <\$58,960	\$58,960 to <\$88,440	≥\$88,440
OH NA Median Family Income (99999)				
2018 (\$61,400)	<\$30,700	\$30,700 to <\$49,120	\$49,120 to <\$73,680	≥\$73,680
2019 (\$61,000)	<\$30,500	\$30,500 to <\$48,800	\$48,800 to <\$73,200	≥\$73,200
<i>Source FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2019 D&B data, there were 59,575 non-farm businesses. GARs for these businesses are below.

- 82.8 percent have \$1 million or less
- 6.2 percent have more than \$1 million
- 11.0 percent have unknown revenues

For 2019, service industries represent the largest portion of businesses at 41.5 percent; followed by retail trade (13.8 percent); non-classifiable establishments (11.9 percent), and finance, insurance, and real estate (8.6 percent). In addition, 65.3 percent of area businesses have four or fewer employees and 88.3 percent operate from a single location.

Competition

The bank's Cleveland-Akron-Canton, OH CSA assessment area is a highly competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 45 financial institutions that operated 786 full-service branches within the bank's Cleveland-Akron-Canton, OH CSA assessment area. Of these institutions, NWB ranked 12th with a 1.1 percent deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 402 lenders reported 32,704 home mortgage loans originated or purchased. NWB ranked 23rd out of this group of lenders, with a market share of 1.0 percent by number of loans.

There is a moderately high level of competition for small business loans within the bank's Cleveland-Akron-Canton, OH CSA assessment area. In 2018, 143 lenders reported 48,119 small business loans originated or purchased. NWB ranked 28th out of this group of lenders, with a market share of 0.3 percent. The three most prominent small business lenders, all credit card lenders, accounted for 45.4 percent of total market share.

Community Contact

Examiners reviewed a recent community contact of an economic development organization in the Cleveland-Akron-Canton, OH CSA assessment area. The organization provides assistance to businesses expanding within or relocating to the City of Cleveland including financing, workforce solutions, and technical assistance. The contact identified a need for additional support to provide financial literacy and technical assistance specific to small businesses. The contact noted an opportunity for local financial institutions to provide education on small business loan programs and the process required when applying for these programs.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, and demographic data, the bank's Cleveland-Akron-Canton, OH CSA assessment area has specific credit and community development needs. Demand for small business loans and other community support exist throughout the assessment area.

SCOPE OF EVALUATION – OHIO

The scope is similar to the overall scope discussed previously, except that this portion of the evaluation only considers assessment area activity within OH. Please refer to the overall discussion for more information on products reviewed, review timeframe, and weighting of products.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OHIO

LENDING TEST

NWB demonstrated excellent performance under the Lending Test. The Geographic Distribution and Community Development Lending criterion performance support this conclusion.

Lending Activity

The bank's lending levels reflect good responsiveness to the Cleveland-Akron-Canton, OH CSA assessment area credit needs. For 2018 and 2019, NWB originated 749 home mortgage loans totaling approximately \$72.8 million, 180 small business loans totaling approximately \$42.9 million, 3 small farm loans totaling approximately \$73,000, and 179 other loans secured by real estate totaling \$9.0 million. During the review period, the bank's home mortgage lending activity increased, while small business, small farm, and other real estate secured loan activity remained stable.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the Cleveland-Akron-Canton, OH CSA assessment area. The bank's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the percentage by number of loans in the low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. Examiners compared the bank’s home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of home mortgage loans in both low- and moderate-income census tracts exceeded aggregate lending and demographic data in 2018. In 2019, the bank increased lending in low-income census tracts and exceeded demographic data. In 2019, the bank decreased the percentage of lending in moderate-income census tracts, but still exceeded demographic data.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Cleveland-Akron-Canton, OH CSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.4	1.3	17	5.2	845	2.7
2019	2.4	--	24	5.6	990	2.4
Moderate						
2018	11.2	9.3	46	14.2	3,785	11.9
2019	11.2	--	59	13.9	4,209	10.3
Middle						
2018	47.3	44.6	154	47.5	13,483	42.3
2019	47.3	--	213	50.1	19,782	48.3
Upper						
2018	39.1	44.7	107	33.0	13,725	43.1
2019	39.1	--	129	30.4	15,933	38.9
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	324	100.0	31,838	100.0
2019	100.0	--	425	100.0	40,914	100.0
<i>Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. Examiners compared the bank’s small business lending to demographic and aggregate lending data.

As shown in the following table, the geographic distribution of small business loans in both low- and moderate-income census tracts exceeded aggregate lending and demographic data in 2018. In 2019, the bank increased lending in low-income census tracts and exceeded demographic data. In 2019, the bank decreased the percentage of lending in moderate-income census tracts and the bank's performance was below demographic data.

Geographic Distribution of Small Business Loans						
Assessment Area: Cleveland-Akron-Canton, OH CSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.4	1.4	4	4.5	509	2.4
2019	2.4	--	6	6.6	712	3.3
Moderate						
2018	13.0	12.2	14	15.7	2,232	10.4
2019	12.7	--	10	11.0	2,916	13.6
Middle						
2018	43.6	41.9	42	47.2	9,555	44.5
2019	43.6	--	41	45.1	7,236	33.7
Upper						
2018	41.0	44.4	29	32.6	9,162	42.7
2019	41.3	--	34	37.4	10,619	49.4
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	89	100.0	21,458	100.0
2019	100.0	--	91	100.0	21,483	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Other Real Estate Secured Loans

The geographic distribution of other real estate secured loans reflects good penetration throughout the assessment area. Examiners compared the bank's other real estate secured lending to demographic data.

As shown in the following table, the geographic distribution of other real estate secured loans in low-income census tracts exceeded demographic data in 2018. In 2019, the bank decreased lending in low-income census tracts, but still exceeded demographic data. The geographic distribution of other real estate secured loans in moderate-income census tracts was comparable to demographic data in 2018. In 2019, the bank increased the percentage of lending in moderate-income census tracts, and the bank's performance exceeded demographic data.

Geographic Distribution of Other Real Estate Secured Loans					
Assessment Area: Cleveland-Akron-Canton, OH CSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2018	2.4	7	8.0	104	3.4
2019	2.4	5	5.4	420	7.0
Moderate					
2018	13.0	11	12.6	239	7.8
2019	12.7	17	18.5	669	11.2
Middle					
2018	43.6	42	48.3	1,454	47.3
2019	43.6	44	47.8	3,162	53.0
Upper					
2018	41.0	27	31.0	1,274	41.5
2019	41.3	26	28.3	1,711	28.7
Not Available					
2018	0.0	0	0.0	0	0.0
2019	0.0	0	0.0	0	0.0
Totals					
2018	100.0	87	100.0	3,071	100.0
2019	100.0	92	100.0	5,962	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes in the Cleveland-Akron-Canton, OH CSA assessment area. The bank's excellent performance of home mortgage supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. Examiners also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers is excellent. Examiners compared the bank's home mortgage lending to demographic and aggregate lending data.

As shown in the following table, the distribution of home mortgage loans to low-income borrowers exceeds aggregate lending data in 2018. In 2019, the bank slightly decreased lending activity to

low-income borrowers. Although the bank’s level of lending activity is below the demographics, a low-income family in the assessment area, with an income less than \$36,850, would not likely qualify for a mortgage under conventional underwriting standards, especially considering the median housing value of \$148,779.

In 2018, the distribution of home mortgage loans to moderate-income borrowers is consistent with aggregate lending data and exceeds demographic data. Furthermore, in 2019, the bank increased the percentage of lending to moderate-income borrowers and exceeded demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Cleveland-Akron-Canton, OH CSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	17.9	8.7	45	13.9	2,445	7.7
2019	17.9	--	54	12.7	3,312	8.1
Moderate						
2018	16.5	19.8	64	19.8	4,436	13.9
2019	16.5	--	92	21.6	6,773	16.6
Middle						
2018	20.9	21.9	72	22.2	5,811	18.3
2019	20.9	--	100	23.5	9,046	22.1
Upper						
2018	44.7	36.2	124	38.3	15,817	49.7
2019	44.7	--	164	38.6	19,795	48.4
Not Available						
2018	0.0	13.3	19	5.9	3,329	10.5
2019	0.0	--	15	3.5	1,987	4.9
Totals						
2018	100.0	100.0	324	100.0	31,838	100.0
2019	100.0	--	425	100.0	40,914	100.0

Source: 2015 ACS Census; 1/1/2018 - 12/31/2019 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Small Business Loans

The distribution of small business loans reflects good penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s small business lending to demographic and aggregate lending data.

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million exceeds aggregate lending data in 2018; however, the bank’s

performance is below demographic data. In 2019, the bank increased lending to businesses with GARs less than or equal to \$1 million, but remained below demographic data.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Cleveland-Akron-Canton, OH CSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	81.2	47.5	53	59.6	11,828	55.1
2019	82.8	--	59	64.8	11,333	52.8
>1,000,000						
2018	6.8	--	35	39.3	9,570	44.6
2019	6.2	--	32	35.2	10,150	47.2
Revenue Not Available						
2018	12.0	--	1	1.1	60	0.3
2019	11.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	89	100.0	21,458	100.0
2019	100.0	--	91	100.0	21,483	100.0

*Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; 2018 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Other Real Estate Secured Loans

The distribution of other real estate secured loans reflects adequate penetration of loans to businesses with GARs less than or equal to \$1 million. Examiners compared the bank’s other real estate secured lending to demographic data

As shown in the following table, the bank’s performance of lending to businesses with GARs less than or equal to \$1 million is significantly below demographic data in both 2018 and 2019; however, the bank reported a large number of loans with GARs not available, particularly in 2019.

Distribution of Other Real Estate Secured Loans by Gross Annual Revenue Category					
Assessment Area: Cleveland-Akron-Canton, OH CSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2018	81.2	45	51.7	725	23.6
2019	82.8	33	35.9	708	11.9
>1,000,000					
2018	6.8	18	20.7	1,756	57.2
2019	6.2	17	18.5	4,525	75.9
Revenue Not Available					
2018	12.0	24	27.6	590	19.2
2019	11.0	42	45.7	729	12.2
Totals					
2018	100.0	87	100.0	3,071	100.0
2019	100.0	92	100.0	5,962	100.0
<i>Source: 2018 & 2019 D&B Data; 1/1/2018 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Innovative or Flexible Lending Practices

NWB makes extensive use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area.

Community Development Loans

NWB is a leader in making community development loans in the Cleveland-Akron-Canton, OH CSA assessment area. NWB made 37 qualified community development loans totaling \$50.3 million. By number and dollar volume, this level represents 13.1 and 25.1 percent of the bank-wide qualified community development loan activity.

The number and dollar volume of community development loans within the OH rated area significantly exceeds that of the prior evaluation period. Specifically, NWB's prior evaluation included 1 community development loan totaling approximately \$10,000 within the OH rated area. The following table illustrates the bank's current community development lending activity in the Cleveland-Akron-Canton, OH CSA assessment area by activity year and by community development purpose.

NWB originated some of the community development loans included within the table within the broader Ohio statewide area, but outside the bank's Cleveland-Akron-Canton, OH CSA. Specifically, the bank originated 7 loans totaling \$31.9 million. Each of the loans is a multifamily loan that promotes affordable housing. As the bank has been responsive to the community development needs of its Cleveland-Akron-Canton, OH CSA assessment area, examiners considered these loans that benefit geographies or individuals located somewhere within a broader statewide area that includes the institution's assessment area.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/22/2016-12/31/2016	3	1,285	0	0	0	0	0	0	3	1,285
2017	11	15,172	4	45	0	0	0	0	15	15,217
2018	8	18,361	1	50	0	0	0	0	9	18,411
2019	9	15,353	1	10	0	0	0	0	10	15,363
1/1/2020-6/29/2020	0	0	0	0	0	0	0	0	0	0
Total	31	50,171	6	105	0	0	0	0	37	50,276

Source: Bank Data

The following originations are a sample of community development loans made to organizations and corporations that benefit the Cleveland-Akron-Canton, OH CSA assessment area.

In 2018, NWB originated a \$2.6 million multifamily housing loan. The loan refinanced a building with 102 housing units located in a moderate-income census tract in Parma, OH. All housing units have rents below the fair market rent for Cuyahoga County. This loan promotes affordable housing.

In 2017, NWB originated a \$2.3 million multifamily housing loan. The loan refinanced 10 buildings with 110 housing units located in a moderate-income census tract in Bedford Heights, OH. All housing units have rents below the fair market rent for Cuyahoga County. This loan promotes affordable housing.

In 2017, NWB originated a \$1.8 million multifamily housing loan. The loan purchased a building with 1,355 housing units located in a middle-income census tract in Akron, OH. The majority of housing units have rents below the fair market rent for Summit County. This loan promotes affordable housing.

INVESTMENT TEST

NWB demonstrated good performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

NWB has a significant level of qualified community development investments and donations. During the review period, NWB maintained and purchased equity investments totaling \$10.0 million that benefitted low- and moderate-income families within the Cleveland-Akron-Canton, OH CSA assessment area and made 58 qualified donations totaling \$462,005. By number and dollar volume, this level represents 11.5 and 17.1 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the OH rated area exceeds that of the prior evaluation period. Specifically, NWB's prior evaluation included 54 community development investments and grants totaling \$3.6 million within the OH rated area. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	1,137	0	0	0	0	0	0	5	1,137
8/22/2016-12/31/2016	1	1,483	0	0	0	0	0	0	1	1,483
2017	1*	2,821	0	0	0	0	0	0	1*	2,821
2018	1	1,344	0	0	0	0	0	0	1	1,344
2019	2*	3,254	0	0	0	0	0	0	2*	3,254
1/1/2020-6/29/2020	0	0	0	0	0	0	0	0	0	0
Subtotal	10*	10,039	0	0	0	0	0	0	10*	10,039
Qualified Grants & Donations	1	<1	56	459	1	3	0	0	58	462
Total	11*	10,039	56	459	1	3	0	0	68*	10,501

*Source: Bank Data; * MBS number counted in another assessment area*

Prior Period Investments

- NWB maintains five GNMA and FNMA MBSs totaling \$1.1 million that benefitted low- and moderate-income families within the Cleveland-Akron-Canton, OH CSA assessment area.

New Investments

- During the review period, NWB purchased GNMA and FNMA MBSs totaling \$8.9 million that benefitted low- and moderate-income families within the Cleveland-Akron-Canton, OH CSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$161,433 to EverFi, a financial education program, to schools in the Cleveland-Akron-Canton, OH CSA assessment area during the exam period.
- The bank donated \$20,000 to non-profit organization whose mission is to enhance the socio-economic status of the Greater Lorain County Latino community and provides essential social, educational, cultural and community development services to residents. The organization is located in a low-income census tract and provides assistance to low- and moderate-income residents.
- The bank donated \$2,500 to a Lorain County organization that addresses community resources for transportation and mobility, and helps fulfill unmet needs, including transportation for senior living communities. The organization is part of United Way's Impact Initiatives and helps support the work of the United Way's 11 Community Collaborative that fight for the health, education, and financial stability of low-income working families that need help in the Greater Lorain County, OH area.

- The bank donated \$12,000 to a non-profit organization which provides high quality, community-based homes for people with developmental disabilities, mental illness, and other disabilities throughout the Northeast Ohio area. The majority of the individuals served are low-and moderate-income individuals.
- The bank donated \$10,000 to a food bank serving low- and moderate-income individuals within Northeast Ohio.
- The bank donated \$10,000 to a branch of a hospital system focusing on assisting low-income and under-served members of the community.

Responsiveness to Credit and Community Development Needs

NWB exhibits good responsiveness to credit and community economic development needs throughout its Cleveland-Akron-Canton, OH MSA assessment area. Management directed the majority of the bank's investments and grants within the Cleveland-Akron-Canton, OH MSA assessment area, by number and dollar amount, to affordable housing.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. NWB's investments primarily include MBSs.

SERVICE TEST

NWB demonstrated good performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion.

Accessibility of Delivery Systems

The bank's delivery systems are readily accessible to all portions of the institution's assessment area. NWB serves the Cleveland-Akron-Canton, OH CSA assessment area with 22 branches, 1 full-service ATM, and 26 cash dispenser only ATMs. The following table details the bank's branching and ATM distribution.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	12	5.3	40,642	4.3	3	13.6	5	18.6
Moderate	37	16.4	133,557	14.3	4	18.2	4	14.8
Middle	110	48.7	432,351	46.2	9	40.9	9	33.3
Upper	66	29.2	329,232	35.2	6	27.3	9	33.3
NA	1	0.4	0	0.0	0	0.0	0	0.0
Total	226	100.0	935,782	100.0	22	100.0	27	100.0

Source: 2015 ACS Data & Bank Records

The branch distribution and alternative delivery systems for the assessment area are superior to the institution overall. NWB branches in both low- and moderate-income census tracts exceed the census tract and population distribution.

Changes in Branch Locations

During the review period, NWB made no changes in branch locations within the Cleveland-Akron-Canton, OH CSA assessment area.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s Cleveland-Akron-Canton, OH CSA assessment area, particularly low- and moderate -income geographies and/or individuals. Operating hours and services at the branches do not vary significantly from branch -to -branch and reflect the needs of the local communities they serve. Branch hours are convenient and comparable to other local financial institutions operating within each county.

Community Development Services

NWB provides a relatively high level of community development services within its Cleveland-Akron-Canton, OH CSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. In addition, NWB partnered with EVERFI to provide online financial education programs to high schools and elementary schools across Ashtabula, Lake, and Lorain Counties. During the review period, NWB allocated 2,122 hours to this community service. Bank officers and employees provided community development services to more than 83 schools and community development organizations in the bank’s Ohio assessment area during the review period. The following table outlines the number (“#” represents hours spent on the qualifying activity) of community development services by activity year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
8/23/2016 – 12/31/2016	0	0	0	0	0
2017	0	652	0	0	652
2018	3	582	0	24	609
2019	64	654	0	0	718
1/1/2020 – 6/29/2020	72	591	0	0	663
Total	139	2,479	0	24	2,642
<i>Source: Bank Data</i>					

The following are representative examples of community development service activity in the Cleveland-Akron-Canton, OH CSA assessment area.

- **Oberlin Community Improvement Corporation (OCIC)** – A bank employee serves as a member on the Board of this non-profit corporation. OCIC is focused on advancing, encouraging, and promoting industrial, economic, commercial and civic development within the City of Oberlin.
- **Lorain County Free Tax Prep Coalition** – A bank employee is trained and certified as a volunteer tax preparer through the IRS and Volunteer Income Tax Assistance Program. The employee provides free tax preparation and filing as well as financial literacy resources specifically targeted for low- and moderate-income households of Lorain County, Ohio, including seniors.
- **Community Action Agency** – A bank employee serves as a member on the Board of this locally controlled private non-profit corporation whose purpose is to reduce poverty and to help low-income people become self-sufficient. Community Action Agencies in Ohio serve all counties housing income eligible Ohioans toward greater self-sufficiency.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Northwest Bank	
<p>Scope of Examination: Full-scope reviews were performed on the following assessment areas within the noted rated areas:</p> <ul style="list-style-type: none"> State of Pennsylvania <ul style="list-style-type: none"> PA Non-MSA Assessment Area Pittsburgh, PA MSA Assessment Area Erie, PA MSA Assessment Area Lancaster, PA MSA Assessment Area State of New York <ul style="list-style-type: none"> Buffalo-Cheektowaga, NY Assessment Area State of Ohio <ul style="list-style-type: none"> Cleveland-Akron-Canton, OH CSA Assessment Area <p>Limited-scope reviews were performed on the following assessment areas within the noted rated areas:</p> <ul style="list-style-type: none"> State of Pennsylvania <ul style="list-style-type: none"> Harrisburg-York-Lebanon, PA CSA Assessment Area State College, PA MSA Assessment Area Johnstown, PA MSA Assessment Area Williamsport, PA MSA Assessment Area Youngstown, PA MSA Assessment Area State of New York <ul style="list-style-type: none"> NY Non-MSA Assessment Area Rochester, NY MSA Assessment Area 	
Time Period Reviewed:	08/22/2016 to 06/29/2020
<p>Products Reviewed:</p> <p>Home Mortgage Loans: 01/01/2017 – 12/31/2019 Small Business Loans: 01/01/2017 – 12/31/2019 Other Real Estate Secured Loans: 01/01/2017 – 12/31/2019</p>	

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Pennsylvania	Outstanding	Outstanding	Outstanding	Outstanding
New York	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
Ohio	Outstanding	High Satisfactory	High Satisfactory	Outstanding

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Pennsylvania Rated Area

Harrisburg-York-Lebanon, PA CSA

This assessment area includes all or portions of Adams, Dauphin, Lebanon, and York Counties. Specifically, the Harrisburg-York-Lebanon, PA CSA assessment area includes all 31 census tracts in Lebanon County, which comprises the Lebanon, PA MSA and all 90 census tracts in York County, which comprises the York-Hanover, PA MSA. In addition, this assessment area includes 7 of 23 census tracts in Adams County, which is part of the Gettysburg, PA MSA and 58 of 65 census tracts in Dauphin County, which is part of the Harrisburg-Carlisle, PA MSA. All four MSAs are part of the larger Harrisburg- York-Lebanon, PA CSA. There have been no changes to this assessment area since the previous CRA evaluation. This assessment area consists of 22 low-income (11.8 percent), 29 moderate-income (15.6 percent), 106 middle-income (57.0 percent), and 29 upper-income (15.6 percent) census tracts.

The following table illustrates select demographic characteristics of the Harrisburg-York-Lebanon, PA CSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Harrisburg-York-Lebanon, PA CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	186	11.8	15.6	57.0	15.6	0.0
Population by Geography	852,724	7.5	12.7	61.7	18.1	0.0
Housing Units by Geography	358,990	8.0	14.0	60.9	17.1	0.0
Owner-Occupied Units by Geography	232,313	3.3	9.8	66.1	20.7	0.0
Occupied Rental Units by Geography	98,822	16.1	22.1	51.5	10.3	0.0
Vacant Units by Geography	27,855	18.3	19.5	50.9	11.3	0.0
Businesses by Geography	58,658	6.9	15.8	58.7	18.6	0.0
Farms by Geography	2,147	1.2	5.1	72.7	21.0	0.0
Family Distribution by Income Level	223,481	20.0	18.4	22.5	39.0	0.0
Household Distribution by Income Level	331,135	23.0	17.0	19.8	40.1	0.0
Median Family Income MSA - 23900 Gettysburg, PA MSA		\$70,344	Median Housing Value			\$162,902
Median Family Income MSA - 25420 Harrisburg-Carlisle, PA MSA		\$71,723	Median Gross Rent			\$844
Median Family Income MSA - 30140 Lebanon, PA MSA		\$65,676	Families Below Poverty Level			8.2%
Median Family Income MSA - 49620 York-Hanover, PA MSA		\$69,846				
<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>						

The bank's Harrisburg-York-Lebanon, PA CSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 25 financial institutions that operated 275 full-service branches within the bank's Harrisburg-York-Lebanon, PA CSA assessment area. Of these institutions, NWB ranked 15th with a 1.9 percent deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 465 lenders reported 28,543 home mortgage loans originated or purchased. NWB ranked 26th out of this group of lenders, with a market share of 1.1 percent by number of loans.

There is a moderately high level of competition for small business loans within the bank's Harrisburg-York-Lebanon, PA CSA assessment area. In 2018, 104 lenders reported 13,625 small business loans originated or purchased. NWB ranked 29th out of this group of lenders, with a market share of 0.4 percent. The three most prominent small business lenders, all credit card lenders, accounted for 34.5 percent of total market share.

State College, PA MSA

This assessment area includes all 31 census tracts in Centre County, which comprises the State College, PA MSA. There have been no changes to this assessment area since the previous CRA evaluation. There was one designated disaster for severe storms and flooding that impacted Centre County in 2016. This assessment area consists of 1 low-income (3.2 percent), 6 moderate-income (19.4 percent), 12 middle-income (38.7 percent), 8 upper-income (25.8 percent), and 4 (12.9 percent) census tracts with no income designation.

The following table illustrates select demographic characteristics of the State College, PA MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: State College, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	3.2	19.4	38.7	25.8	12.9
Population by Geography	157,823	3.3	20.9	40.6	22.9	12.2
Housing Units by Geography	64,489	0.2	24.5	44.4	24.0	6.9
Owner-Occupied Units by Geography	34,606	0.0	16.0	51.7	31.5	0.8
Occupied Rental Units by Geography	22,577	0.5	36.1	33.4	15.0	15.1
Vacant Units by Geography	7,306	0.4	28.6	43.3	16.5	11.1
Businesses by Geography	10,055	2.2	18.6	38.5	30.9	9.9
Farms by Geography	403	0.2	15.4	55.8	27.8	0.7
Family Distribution by Income Level	32,532	19.6	18.5	21.5	40.3	0.0
Household Distribution by Income Level	57,183	25.5	15.5	16.4	42.5	0.0
Median Family Income MSA - 44300 State College, PA MSA		\$74,118	Median Housing Value			\$208,908
			Median Gross Rent			\$927
			Families Below Poverty Level			6.5%
<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>						

The bank's State College, PA MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 17 financial institutions that operated 55 full-service branches within the bank's State College, PA MSA assessment area. Of these institutions, NWB ranked 7th with a 5.9 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 181 lenders reported 3,591 home mortgage loans originated or purchased. NWB ranked 2nd out of this group of lenders, with a market share of 7.1 percent by number of loans.

There is a moderate level of competition for small business loans within the bank’s State College, PA MSA assessment area. In 2018, 60 lenders reported 2,110 small business loans originated or purchased. NWB ranked 14th out of this group of lenders, with a market share of 1.6 percent. The three most prominent small business lenders, all credit card lenders, accounted for 40.3 percent of total market share.

Johnstown, PA MSA

This assessment area includes all 42 census tracts in Cambria County, which comprises the Johnstown, PA MSA. There have been no changes to this assessment area since the previous CRA evaluation. This assessment area consists of 2 low-income (4.8 percent), 10 moderate-income (23.8 percent), 21 middle-income (50.0 percent), and 9 upper-income (21.4 percent) census tracts.

The following table illustrates select demographic characteristics of the Johnstown, PA MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Johnstown, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	42	4.8	23.8	50.0	21.4	0.0
Population by Geography	139,381	1.8	16.5	55.1	26.6	0.0
Housing Units by Geography	65,413	2.5	20.2	52.8	24.5	0.0
Owner-Occupied Units by Geography	42,440	1.4	13.3	59.3	26.0	0.0
Occupied Rental Units by Geography	15,025	3.8	33.2	40.4	22.5	0.0
Vacant Units by Geography	7,948	6.2	32.2	41.7	19.9	0.0
Businesses by Geography	7,742	1.8	18.3	48.6	31.4	0.0
Farms by Geography	237	0.4	7.6	59.5	32.5	0.0
Family Distribution by Income Level	36,531	19.5	19.4	20.8	40.3	0.0
Household Distribution by Income Level	57,465	24.8	16.1	17.0	42.1	0.0
Median Family Income MSA - 27780 Johnstown, PA MSA		\$55,933	Median Housing Value			\$87,753
			Median Gross Rent			\$564
			Families Below Poverty Level			10.3%
<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>						

The bank’s Johnstown, PA MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 14 financial institutions that operated 67 full-service branches within the bank’s Johnstown, PA MSA assessment area. Of these institutions, NWB ranked 7th with a 4.4 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 138 lenders reported 2,616 home mortgage loans originated or purchased. NWB ranked 12th out of this group of lenders, with a market share of 1.9 percent by number of loans.

There is a moderate level of competition for small business loans within the bank’s Johnstown, PA MSA assessment area. In 2018, 59 lenders reported 1,813 small business loans originated or purchased. NWB ranked 26th out of this group of lenders, with a market share of 0.4 percent. The three most prominent small business lenders, all credit card lenders, accounted for 38.3 percent of total market share.

Williamsport, PA MSA

This assessment area includes all 29 census tracts in Lycoming County, which comprises the Williamsport, PA MSA. There have been no changes to this assessment area since the previous CRA evaluation. There were two designated disasters for severe storms and flooding that impacted Lycoming County in 2016 and 2019. This assessment area consists of 2 low-income (6.9 percent), 4 moderate-income (13.8 percent), 21 middle-income (72.4 percent), and 2 upper-income (6.9 percent) census tracts.

The following table illustrates select demographic characteristics of the Williamsport, PA MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Williamsport, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	29	6.9	13.8	72.4	6.9	0.0
Population by Geography	116,656	5.8	11.7	75.9	6.6	0.0
Housing Units by Geography	52,641	5.2	11.5	76.8	6.4	0.0
Owner-Occupied Units by Geography	32,187	1.4	7.2	84.3	7.0	0.0
Occupied Rental Units by Geography	13,719	12.9	19.7	61.3	6.2	0.0
Vacant Units by Geography	6,735	7.9	15.6	72.9	3.7	0.0
Businesses by Geography	7,845	5.3	16.4	71.7	6.6	0.0
Farms by Geography	341	0.6	2.9	92.7	3.8	0.0
Family Distribution by Income Level	29,537	20.0	18.7	22.1	39.2	0.0
Household Distribution by Income Level	45,906	23.7	16.5	17.6	42.1	0.0
Median Family Income MSA - 48700 Williamsport, PA MSA		\$60,191	Median Housing Value			\$135,328
			Median Gross Rent			\$719
			Families Below Poverty Level			10.2%

Source: 2015 ACS Census and 2019 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.

The bank's Williamsport, PA MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 12 financial institutions that operated 47 full-service branches within the bank's Williamsport, PA MSA assessment area. Of these institutions, NWB ranked 10th with a 1.4 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 148 lenders reported 3,066 home mortgage loans originated or purchased. NWB ranked 18th out of this group of lenders, with a market share of 1.0 percent by number of loans.

There is a moderate level of competition for small business loans within the bank's Williamsport, PA MSA assessment area. In 2018, 58 lenders reported 1,640 small business loans originated or purchased. NWB ranked 25th out of this group of lenders, with a market share of 0.5 percent. The three most prominent small business lenders, all credit card lenders, accounted for 32.9 percent of total market share.

Youngstown, PA MSA

This assessment area includes all 30 census tracts in Mercer County, which comprises the Youngstown, PA MSA. There have been no changes to this assessment area since the previous CRA evaluation. This assessment area consists of 2 low-income (6.7 percent), 5 moderate-income (16.7 percent), 18 middle-income (60.0 percent), and 5 upper-income (16.7 percent) census tracts.

The following table illustrates select demographic characteristics of the Youngstown, PA MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Youngstown, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	6.7	16.7	60.0	16.7	0.0
Population by Geography	115,320	5.0	11.0	64.9	19.1	0.0
Housing Units by Geography	51,662	5.4	13.3	63.0	18.4	0.0
Owner-Occupied Units by Geography	33,564	3.1	8.3	66.6	22.1	0.0
Occupied Rental Units by Geography	11,982	9.3	23.1	56.0	11.7	0.0
Vacant Units by Geography	6,116	10.2	21.6	57.2	11.0	0.0
Businesses by Geography	6,929	5.1	9.8	60.4	24.6	0.0
Farms by Geography	313	0.6	3.2	75.1	21.1	0.0
Family Distribution by Income Level	30,174	17.8	19.9	21.1	41.2	0.0
Household Distribution by Income Level	45,546	21.1	16.7	18.6	43.5	0.0
Median Family Income MSA - 49660 Youngstown-Warren-Boardman, OH- PA MSA		\$55,174	Median Housing Value			\$108,008
			Median Gross Rent			\$622
			Families Below Poverty Level			9.6%
<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>						

The bank's Youngstown, PA MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 8 financial institutions that operated 38 full-service branches within the bank's Youngstown, PA MSA assessment area. Of these institutions, NWB ranked 8th with a 1.5 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 166 lenders reported 2,630 home mortgage loans originated or purchased. NWB ranked 17th out of this group of lenders, with a market share of 1.4 percent by number of loans.

There is a moderate level of competition for small business loans within the bank's Youngstown, PA MSA assessment area. In 2018, 59 lenders reported 1,577 small business loans originated or purchased. NWB ranked 18th out of this group of lenders, with a market share of 0.6 percent. The three most prominent small business lenders, all credit card lenders, accounted for 38.4 percent of total market share.

New York Rated Area

NY Non-MSA

This assessment area includes all 21 census tracts in Cattaraugus County and all 35 census tracts in Chautauqua County, both of which are located outside any MSA. There have been no changes to this assessment area since the previous CRA evaluation. There was one designated disaster for severe storms, straight-line winds, and flooding that impacted Chautauqua County in 2019. This assessment area consists of 3 low-income (5.4 percent), 6 moderate-income (10.7 percent), 44 middle-income (78.6 percent), 2 upper-income (3.6 percent), and 1 (1.8 percent) census tract with no income designation.

The following table illustrates select demographic characteristics of the NY Non-MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: NY Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	56	5.4	10.7	78.6	3.6	1.8
Population by Geography	211,608	2.8	11.6	82.7	2.9	0.0
Housing Units by Geography	107,775	3.0	11.2	84.2	1.6	0.0
Owner-Occupied Units by Geography	59,844	1.0	8.7	88.3	2.0	0.0
Occupied Rental Units by Geography	25,337	8.6	19.9	70.0	1.5	0.0
Vacant Units by Geography	22,594	1.9	8.1	89.3	0.7	0.0
Businesses by Geography	10,745	6.9	10.7	79.8	2.6	0.0
Farms by Geography	723	0.3	1.2	97.8	0.7	0.0
Family Distribution by Income Level	53,605	24.4	18.8	21.8	35.1	0.0
Household Distribution by Income Level	85,181	27.7	17.0	18.5	36.8	0.0
Median Family Income Non-MSAs - NY		\$59,570	Median Housing Value			\$86,947
			Median Gross Rent			\$621
			Families Below Poverty Level			13.3%
<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>						

The bank's NY Non-MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 11 financial institutions that operated 66 full-service branches within the bank's NY Non-MSA assessment area. Of these institutions, FCB ranked 5th with a 9.4 percent deposit market share.

There is a moderate level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 149 lenders reported 3,041 home mortgage loans originated or purchased. NWB ranked 4th out of this group of lenders, with a market share of 6.8 percent by number of loans.

There is a moderate level of competition for small business loans within the bank’s NY Non-MSA assessment area. In 2018, 60 lenders reported 2,326 small business loans originated or purchased. NWB ranked 19th out of this group of lenders, with a market share of 1.5 percent. The three most prominent small business lenders, all credit card lenders, accounted for 34.7 percent of total market share.

Rochester, NY MSA

This assessment area includes all 192 census tracts in Monroe County, which is part of the Rochester, NY MSA. There have been no changes to this assessment area since the previous CRA evaluation. There was one designated disaster for flooding that impacted Monroe County in 2017. This assessment area consists of 44 low-income (22.9 percent), 29 moderate-income (15.1 percent), 62 middle-income (32.3 percent), 53 upper-income (27.6 percent), and 4 (2.1 percent) census tracts with no income designation.

The following table illustrates select demographic characteristics of the Rochester, NY MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Rochester NY MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	192	22.9	15.1	32.3	27.6	2.1
Population by Geography	749,356	13.0	13.5	37.6	35.2	0.8
Housing Units by Geography	323,313	13.9	14.3	38.6	33.1	0.1
Owner-Occupied Units by Geography	192,326	5.1	10.4	42.4	42.1	0.0
Occupied Rental Units by Geography	107,438	25.9	20.4	33.3	20.3	0.2
Vacant Units by Geography	23,549	31.6	18.8	31.3	18.3	0.1
Businesses by Geography	45,134	12.5	11.6	37.3	38.3	0.3
Farms by Geography	1,023	3.8	7.3	44.6	44.2	0.1
Family Distribution by Income Level	182,181	22.0	16.3	19.3	42.3	0.0
Household Distribution by Income Level	299,764	25.0	15.7	16.9	42.4	0.0
Median Family Income MSA - 40380 Rochester, NY MSA		\$67,757	Median Housing Value			\$132,345
			Median Gross Rent			\$827
			Families Below Poverty Level			11.0%
<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>						

The bank’s Rochester, NY MSA assessment area is a moderately competitive market for financial services. According to the June 30, 2019 FDIC Deposit Market Share data, there were 15 financial institutions that operated 151 full-service branches within the bank’s Rochester, NY MSA assessment area. Of these institutions, FCB ranked 4th with a 10.6 percent deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. In 2018, 211 lenders reported 21,399 home mortgage loans originated or purchased. NWB ranked 33rd out of this group of lenders, with a market share of 0.5 percent by number of loans.

There is a moderately high level of competition for small business loans within the bank's Rochester, NY MSA assessment area. In 2018, 88 lenders reported 13,113 small business loans originated or purchased. NWB ranked 34th out of this group of lenders, with a market share of 0.1 percent. The three most prominent small business lenders, all credit card lenders, accounted for 43.7 percent of total market share.

GLOSSARY

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 metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.