



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

November 21, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

DNB First, National Association
Charter Number 661

4 Brandywine Avenue, Downingtown, PA 19335

Office of the Comptroller of the Currency

Philadelphia Field Office
1150 Northbrook Drive, Suite 303
Trevose, PA 19053

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

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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Needs to Improve

The major factors that support this rating include:

- DNB First, National Association's (DNB) loan-to-deposit ratio is reasonable.
- The distribution of home loans among individuals of different income levels represents reasonable penetration.
- The geographic distribution of home mortgage loans reflects an adequate dispersion throughout the assessment area.
- The geographic distribution of Multi-family loans and small business loans reflects an excellent dispersion throughout the assessment area.
- A majority of DNB's loan products were originated within the bank's combined assessment area.

Scope of Examination

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

The lending test for DNB covers its performance from January 1, 2014 through September 30, 2016. The evaluation period for the CD test is from February 11, 2014 through November 21, 2016. CD loans, investments, and services submitted by management were verified to ensure that they met the regulatory definition for community development.

DNB's primary loan products are home mortgage loans and small business loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The reported HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate the bank's home mortgage performance. In addition, the bank collects, but does not report, CRA small business loan data. The collected data was also tested and found to be reliable. This data was used to evaluate the bank's small business loan performance.

Selection of Areas for Full-Scope Review

Based on our review of HMDA and CRA data, branch dispersion, deposit market share, and demographic information, we identified the following assessment area (AA) for full scope review: Chester County, AA, which is part of the Montgomery County-Bucks County-Chester County MSA (MSA #33874). We conducted a limited scope review on the following AA: Delaware County, PA AA, which is part of the Philadelphia MD. (MSA #37964).

The full scope AA was weighted more heavily than the limited scope review during this examination as the full scope AAs represent 80 percent of the loans, 89.9 percent of the deposits, and 91 percent of the offices.

The AAs are consistent with the requirements of the regulation, and do not arbitrarily exclude low- or moderate-income geographies.

Description of Institution

DNB is a full service intrastate bank headquartered in Downingtown, Pennsylvania. As of September 30, 2016, DNB had total assets of \$763.5 million and tier 1 capital of \$69.3 million. DNB is a wholly owned subsidiary of DNB Financial Corporation, a one-bank holding company. The bank has two subsidiaries, DNB Financial Services, Inc. and DNB Acquisitions, Inc. DNB Financial Services, Inc. offers non-depository products and services, such as securities brokerage, mutual funds, life insurance, and annuities. DNB Acquisitions, Inc. owns, manages, and sells other real estate owned parcels. Subsidiary activities are not considered in this evaluation and do not impact the bank's capacity for community reinvestment. There have been no significant changes to DNB's corporate structure, including merger and acquisition activities, since the last CRA evaluation. Subsequently, on October 1, 2016 (outside this evaluation period), the bank completed the merger of East Falls Bank.

The bank offers a full range of deposit and loan products and services. Residential mortgage and small business loans are DNB's primary loan products. Deposit products and services include several types of personal and business accounts as well as checking accounts that offer free internet banking and bill-pay.

As of September 30, 2016, the bank operated 11 full service branches and one limited service branch. All but one of the 11 full service branches were located in Chester County. The bank operates one full service branch and one limited service branch in Delaware County. Extended hours are available at all of the full service branches. All full service branches also offer Saturday hours with the exception of the Downingtown Main Office and the downtown West Chester Office. The Exton Branch also offers Sunday afternoon hours. All branches operate either drive-up or walk-up automated teller machines (ATMs). Eleven branches offer night deposit drops, nine offer safe deposit services, and four offer customer coin-counting machines. During the current

evaluation period, the bank closed one full service branch in Media, Pennsylvania (August 2015). This branch was in a middle-income census tract.

As of September 30, 2016, DNB reported total loans of \$509.4 million and had a total loan to total asset ratio of 66.1 percent. Table 1 provides detail of the bank's loan products.

Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Secured by Mortgages on 1-4 Family	\$134,295	26.3%	17.6%
Commercial Real Estate	\$274,224	53.8%	35.9%
Construction and Land Development	\$33,446	6.6%	4.4%
Commercial & Industrial Loans	\$38,174	7.5%	5.0%
Consumer Loans	\$5,896	1.2%	0.07%
Other Loans	\$23,440	4.6%	3.1%
Total	\$509,475	100%	66.1%

Source: FFIEC Call Report September 30, 2016

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated "Satisfactory" at the last CRA evaluation dated February 10, 2014 using Intermediate Small Bank procedures.

Description of Assessment Areas

Chester County AA, -- Montgomery County-Bucks County- Chester County MSA #33874

The Chester County AA is comprised of all of Chester County, PA. The county is located in South Eastern Pennsylvania and is part of the Montgomery County-Bucks County- Chester County MSA # 33874. DNB operates 10 full service branch offices located within this AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Table 2 below presents a summary of demographic information for this AA:

Table 2: Demographic Information for Full Scope Area: DNB Chester County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	116	3.45	18.97	37.93	38.79	0.86
Population by Geography	498,886	3.06	15.19	41.55	39.52	0.68
Owner-Occupied Housing by Geography	139,743	1.27	12.82	43.82	42.08	0.00
Business by Geography	44,355	1.70	12.55	40.40	45.32	0.03
Farms by Geography	1,730	0.75	15.61	45.26	38.38	0.00
Family Distribution by Income Level	128,975	17.19	16.17	22.31	44.33	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	43,021	5.74	25.73	44.78	23.74	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		93,721 99,500 6%	Median Housing Value Unemployment Rate (October 2016 US Bureau of Labor and statistics)		339,160 4%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

According to the 2010 U.S. Census Data, there are 116 census tracts in this AA. There are 4 low-income tracts, 22 moderate-income tracts, 44 middle-income tracts, and 45 upper-income tracts. One Census Tract is not categorized and thus listed as N/A.

The 2010 U.S. Census Data reported the total population of the AA at 498,886. This population was comprised of 181,136 households and 128,975 families. There are 189,259 housing units, of which 83.84 percent are one to four family units. Owner-occupied housing is 73.84 percent, rental-occupied housing is 21.87 percent, and vacant housing is 4.29 percent. The median housing cost is \$339,160.

The median family income was \$93,721, and the 2016 FFIEC adjusted median family income is \$99,500. Approximately six percent of the households are below poverty level. Approximately 17 percent of the families in the AA are low-income, 16 percent are moderate-income, 22 percent are middle-income, and 44 percent are upper-income.

According to the 2015 Business Demographic Data, there are a total of 44,355 businesses and 1,730 farms in the AA. Approximately one percent of businesses are located in low-income tracts, 12 percent are located in moderate-income tracts, 40 percent are located in middle-income tracts, and 45 percent are located in upper-income tracts. Approximately 81 percent of the businesses reporting have revenues of or less than \$1 million.

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

Based upon information from the Bureau of Labor Statistics, the unemployment rate (not seasonally adjusted) as of October 2016 for Chester County was 4.0 percent and compared favorably with the national unemployment rate of 4.7 percent.

Chester County, PA. is a highly competitive market with 458 lenders originating mortgage loans. According to 2015 Peer Mortgage Data, DNB is ranked fifty-fifth in this market with a market share of 0.40 percent and faces competition from larger national and regional institutions as well as several mortgage/finance companies. The bank's competitors include Wells Fargo Bank, NA (ranked first with a 13.32 percent market share), JP Morgan Chase Bank NA (ranked second with 5.18 percent market share), Citidel (ranked third with a 5.06 percent market share), and Quicken Loans (ranked fourth with a 3.77 percent market share).

Based upon the June 30, 2016 FDIC Summary of Deposits, DNB ranks eight out of 31 institutions in the AA with a 4.24 percent market share and ten offices. According to the June 30, 2016 deposit data, major competitors include Wells Fargo Bank NA (14.84 percent market share, 16 offices), Branch Banking and Trust Company (11.66 percent market share, one office), PNC Bank NA (10.38 percent market share, 10 offices), and TD Bank NA (9.29 percent market share, 10 offices).

During this examination, we contacted the Economic Director of Coatesville, a local government agency staff member. The agency allocates federal, state, and county funds to provide a variety of services to low-income individuals and families in Chester County. Services include case management, employment skills and job readiness, self-sufficiency, financial management, supported housing, and legal assistance. The agency provides federal funding and technical assistance for community development efforts in Chester County, including neighborhood revitalization, acquisition, construction, and/or rehabilitation of community buildings and public works activities. Funding is awarded through an annual competitive application process.

During our interview, the contact indicated that revitalization of the city of Coatesville is a current goal. Except for a few outliers, the building stock in this defined area is in varying degrees of deterioration. Many storefronts are vacant or underutilized. The facades in most cases do not reflect the era of the building construction and do little to contribute to an inviting, walkable downtown streetscape. She mentioned that over 65 percent of the residential units in Coatesville are rental properties. The city of Coatesville only has one bank in town but several banks expressed interest regarding her revitalization proposal.

Delaware County AA, -- Philadelphia MD MSA # 37964

The Delaware County AA is comprised of all of Delaware County, PA. The county is located in South Eastern Pennsylvania and is part of the Philadelphia MD MSA #37964. DNB operates one full service and one limited service branch office located within this AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Table 3 presents a summary of demographic information for this AA:

Table 3: Demographic Information for Full Scope Area: DNB Delaware County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	144	2.08	13.19	22.22	61.81	0.69
Population by Geography	558,979	1.20	12.56	17.92	68.32	0.00
Owner-Occupied Housing by Geography	148,298	0.71	7.37	16.99	74.93	0.00
Business by Geography	41,683	0.99	8.10	16.05	74.80	0.06
Farms by Geography	749	0.40	3.47	9.48	86.65	0.00
Family Distribution by Income Level	137,911	12.13	12.29	16.14	59.44	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	33,678	3.99	26.15	26.25	43.60	0.00
Median Family Income		54,139	Median Housing Value		248,289	
FFIEC Adjusted Median Family Income for 2016		55,400	Unemployment Rate (U.S. Bureau of Labor and statistics)		5%	
Households Below Poverty Level		9%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2016 FFIEC updated MFI

According to the 2010 U.S. Census Data, there are 144 census tracts in this AA. There are 3 low-income tracts, 19 moderate-income tracts, 32 middle-income tracts, and 89 upper-income tracts. One Census Tract is not categorized and thus listed as N/A.

The 2010 U.S. Census Data reported the total population of the AA at 558,979. This population was comprised of 206,542 households and 137,911 families. There are 222,545 housing units, of which 85.55 percent are one to four family units. Owner-occupied housing is 66.64 percent, rental-occupied housing is 26.17 percent, and vacant housing is 7.19 percent. The median housing cost is \$248,289.

The median family income was \$54,139 and the 2016 FFIEC adjusted median family income is \$55,400. Approximately nine percent of the households are below poverty level. Approximately 12 percent of the families in the AA are low-income, 12 percent are moderate-income, 16 percent are middle-income, and 59 percent are upper-income.

According to the 2015 Business Demographic Data, there are a total of 41,683 businesses and 749 farms in the AA. Approximately one percent of businesses are located in low-income tracts, 8 percent are located in moderate-income tracts, 16 percent are located in middle-income tracts, and 75 percent are located in upper-income tracts. Approximately 80 percent of the businesses reporting have revenues \$1 million or less.

Based upon information from the Bureau of Labor Statistics, the unemployment rate (not seasonally adjusted) as of October 2016 for Chester County was 5.0 percent compared with the national unemployment rate of 4.7 percent.

Delaware County, PA is a highly competitive market with 413 lenders originating mortgage loans. According to 2015 Peer Mortgage Data, DNB is ranked 164th in this market with a market share of 0.06 percent and faces competition from larger national and regional institutions as well as several mortgage/finance companies. The bank's competitors include Wells Fargo Bank, NA (ranked first with a 14.13 percent market share), JP Morgan Chase Bank NA (ranked second with 4.85 percent market share), Quicken Loans (ranked third with a 5.40 percent market share), and Freedom Mortgage Company (ranked fourth with a 3.34 percent market share).

Based on the June 30, 2016 FDIC Summary of Deposits, DNB ranks twenty-first out of 31 institutions in the AA with a 0.48 percent market share and two offices. Major competitors include Wells Fargo Bank NA (17.71 percent market share, 22 offices), TD Bank NA (17.28 percent market share, 15 offices), Citizens Bank of PA (15.75 percent market share, 24 offices), and PNC Bank NA (9.42 percent market share, 11 offices).

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions

DNB's performance under the lending test is Satisfactory. The loan-to-deposit ratio is reasonable and a majority of DNB's loan products are made within the bank's combined AAs. DNB was found to have a satisfactory penetration among borrowers of different income levels and businesses of different sizes. DNB's geographical dispersion of loans was reasonable.

Loan-to-Deposit Ratio

DNB's net loan-to-deposit ratio is reasonable. The bank's net loan-to-deposit ratio averaged 75.88 percent over the last 10 quarters since the previous CRA evaluation. This ratio ranged from a quarterly low of 73.14 percent to a quarterly high of 77.88 percent during the period.

The bank's net loan-to-deposit ratio compares reasonably with other financial institutions of similar size, location, and product offerings. The average net loan-to-deposit ratios for the other four banks in a custom peer group in the state of Pennsylvania over the same period was 64.63 percent and ranged from 62.06 percent to 67.55 percent.

Lending in Assessment Area

A majority of DNB’s home loans and small business loans were made within the bank's AA. Over seventy percent of loans (by number of loans) originated by DNB were originated within the banks’ AAs. The following table provides detail.

Table 5- 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	211	73.0	78	27.0	289	39,525	44.2	49,951	55.8	89,476
Small Business	89	69.0	40	31.0	129	25,682	64.6	14,093	35.4	39,775
Total Loans	300	71.7	128	28.3	418	65207	50.4	64,044	49.6	129,251
<i>Source: Banks HMDA /CRA DATA 1/1/2014 - 9/30/2016</i>										

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

Conclusions for Areas Receiving Full Scope Reviews

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

Chester County- Montgomery County-Bucks County- Chester County MSA #33874

The distribution of borrowers for the Chester County AA reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

Home Loans

The percentage of bank home purchase mortgage loans originated to low-income borrowers within the AA is significantly less than the percentage of low-income families within the AA. The percent of bank home improvement loans originated to low-income borrowers within the AA is near to the percentage of low-income families in the AA. The percentage of home refinance loans originated to low-income borrowers within the AA is less than the percentage of low-income borrowers in the AA.

The percentage of bank home purchase mortgage loans originated to moderate-income borrowers in the AA significantly exceeds the percentage of moderate-income families in the AA. The percentage of home improvement loans originated to moderate-income borrowers in the AA equals the percentage of moderate-income families in the AA. The

percentage of home refinance mortgages originated to moderate-income borrowers in the AA significantly exceeds the percentage of moderate-income borrowers in the AA.

When considering the median housing value in the AA is \$339,160 and a low-income family earns less than \$49,750 while a moderate-income family earns less than \$79,600, this performance is considered reasonable.

The following table shows the distribution of DNB’s home loan products among borrowers of different income levels for the period beginning January 1, 2014 through September 30, 2016 as compared to the percent of families in each income category.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Families	% of Bank Loans	% of Families	% of Bank Loans	% of Families	% of Bank Loans	% of Families	% of Bank Loans
Home Purchase	17.19	8.82	16.17	20.59	22.31	26.47	44.33	44.12
Home Improvement	17.19	15.91	16.17	15.91	22.31	18.18	44.33	50.00
Home Refinance	17.19	10.34	16.17	22.99	22.31	35.63	44.33	31.03

Source: HMDA data for 1/1/2014-9/30/2016 and HUD-updated 2010 U.S. Census data

Business Loans

The percentage of small loans to businesses (businesses with gross annual revenues of \$1 million or less) is lower than the percentage of businesses in the Chester County AA. However, the distribution by size of loan shows that approximately 39 percent of the loan originations are for \$100,000 or less and 28 percent of the loan originations are for \$250,000 or less. This is a good indication that business lending is primarily to small businesses. The percentage of small loans to businesses in the Chester County AA reflects reasonable penetration. The following table details the borrower distribution of loans made to small businesses.

Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000
Full Review:							
DNB Chester County AA	64	71.91	80.98	48.44	39.06	28.13	32.81

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2015).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Home Purchase	1.27	7.69	12.82	15.38	43.82	43.59	42.08	33.33
Home Improvement	1.27	0.00	12.82	20.45	43.82	61.36	42.08	18.18
Home Refinance	1.27	4.40	12.82	14.29	43.82	53.85	42.08	27.47

Source: HMDA data for 1/1/2014-9/30/2016 and 2010 U.S. Census data

Multi-family Loans

The geographic distribution of multi-family loans in DNB’s Chester County AA reflects an excellent dispersion throughout the Chester County AA.

The percentage of bank multi-family loans originated in low-income and moderate-income geographies within the Chester County AA significantly exceeds the percentage of multi-family units within this AA. This performance is considered excellent.

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

Table 9: Geographic Distribution: MULTIFAMILY										
Evaluation Period: JANUARY 1, 2014 TO SEPTEMBER 30, 2016										
Geography: DNB										
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans
Full Review:										
DNB Chester County AA	7	58.33	7.16	14.29	23.40	57.14	40.28	28.57	29.17	0.00

Business Loans

The bank’s geographic distribution of business loans reflects excellent dispersion among census tracts of different income levels. The percentage of loans to small businesses originated in low-income geographies exceeds the percentage of businesses within such geographies. This performance reflects excellent dispersion of small loans to businesses originated in low-income geographies.

The percentage of small loans to businesses originated in moderate-income geographies exceeds the percentage of businesses within these geographies. However, considering there is strong competition from other larger institutions and there are only 5,566 businesses operating within the moderate-income geographies, this is considered outstanding and reflects an excellent dispersion of loans to small businesses originated in these geographies.

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2010 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 10 details the bank’s performance as compared to the percentage of businesses in each census tract income level.

Table 10: Geographic Distribution: SMALL LOANS TO BUSINESSES						Geography: DNB				
Evaluation Period: JANUARY 1, 2014 TO SEPTEMBER 30, 2016										
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total*	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans
Full Review:										
DNB Chester County AA	64	71.91	1.70	3.13	12.55	12.50	40.40	46.88	45.32	37.50

Conclusions for Areas Receiving Limited-Scope Reviews

The geographic distribution of DNB’s home mortgage loans in the Delaware County AA is inconsistent with the bank’s overall “Satisfactory” performance primarily resulting from minimal home loan originations in low-income and moderate-income geographies. However, based on the bank’s limited presence and limited deposit and lending activity in this AA, these results had little impact on the banks overall rating. DNB has two branches in this AA (one full service and one limited service) and a 0.04 percent market share of the deposits.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The Community Development (CD) Test is rated Needs to Improve. This is due to the lack of CD Loans and a limited amount of CD investment originated during the evaluation period. There is no indication that DNB has evaluated its assessment areas in order to structure its CD activities in a way that would be responsive to the identified needs of the community. Investments were in the form of grants and donations comparable to the prior evaluation period. Community Services provided by DNB during the period is considered adequate.

Number and Amount of Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
 *** Source Data - Dun and Bradstreet (2015).

reported by the bank for consideration under small business or residential mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

Conclusions for Areas Receiving Full Scope Reviews

No community development loans were originated or purchased in the Chester County AA during the evaluation period.

Conclusions for Areas Receiving Limited Scope Reviews

No community development loans were originated or purchased in the Delaware County AA during the evaluation period.

Number and Amount of Qualified Investments

A qualified investment for the purpose of this CRA evaluation is a lawful investment, deposit, membership share, or grant that has community development as its primary purpose.

Conclusions for Areas Receiving Full Scope Reviews

DNB did not purchase any qualifying CD securities during the evaluation period in the Chester County AA. However, DNB made qualifying donations in the amount of \$358 thousand to various schools under the Commonwealth of Pennsylvania Educational and Improvement Tax Credit Scholarship program (EITC), and its successor, the Opportunity Scholarship Tax Credit Program (OSTC) during the evaluation period.

DNB also made total donations of \$50 thousand to the Habitat for Humanity (HFH). HFH empowers low- and moderate-income families the ability of home ownership through "sweat equity" and innovative financing.

DNB donated \$48 thousand to organizations that provide community services to low and moderate-income individuals such as youth programs, homeless centers, soup kitchens, and battered women's centers.

Conclusions for Areas Receiving Limited-Scope Reviews

DNB did not purchase any qualifying CD securities or make any CD donations during the evaluation period in the Delaware County AA.

Community Development Services

This section of the Community Development Test evaluates the institution's record of providing community development services, including the provision and availability of services to low- and moderate-income people. A community development service has

community development as its primary purpose and is generally related to the provision of financial services or technical assistance.

Conclusions for Areas Receiving Full Scope Reviews

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

- The bank operates three of its branches in moderate-income tracts.
- In order to provide accessibility all accounts may be opened by the customer online.
- The bank offers two free checking accounts. There is no minimum deposit amount, and free bill paying service is provided.
- A 50+ account provides free checking to seniors with free basic checks, a 50% discount off custom checks, and free travelers checks and money orders.
- Free online banking provides full accessibility.
- Telephone banking services are also available.
- The bank offers first time buyer home mortgage loans.

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

- A bank board member also is a board member for a local food bank, which provides food to the unemployed, homeless, and other underserved individuals and families.
- A bank officer is a board member of a non-profit children's advocacy group that provides financial aid for families in crisis, and children under the age of 18 who are living in foster care.
- A bank officer is an executive of a housing partnership that provides financial management/budget counseling, pre-purchase counseling, pre-purchase homebuyer education workshops, predatory lending education workshops, and rental housing counseling to low- and moderate-income individuals.
- An employee is a board member of a non-profit organization that provides a network of employment and financial training programs to help below poverty level individuals.

Conclusions for Areas Receiving Limited Scope Reviews

Community Development in DNB's Delaware County AA is consistent with the "Needs to Improve" performance in the Chester County AA. DNB has two branches in this AA (one full service and one limited service) and a 0.04 percent market share of the deposits.

Responsiveness to Community Development Needs

DNB's Community Development activities, as a whole, demonstrate an inadequate responsiveness to the needs and opportunities in its AA. Identified needs include community development in either investment or lending and revitalization of downtowns. This assessment takes into consideration the Bank's capacity combined with the availability of community development opportunities in the Chester County AA, and the reduced impact on rating performance in the Delaware County AA.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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