



PUBLIC DISCLOSURE

March 03, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Llewellyn-Edison Savings Bank
Charter Number 702054

474 Prospect Avenue
West Orange, New Jersey 07052-0066

Office of the Comptroller of the Currency

New York - Jersey City
Harborside Financial Center - Plaza Five
Jersey City, NJ 07311

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 overall rating is based on the following factors:

- The bank's average loan-to-deposit ratio is less than reasonable at 53.20 percent.
- The majority of the bank's primary lending products originated during the evaluation period were originated within the bank's assessment area.
- The distribution of loans originated during the evaluation period reflects reasonable penetration among borrowers of different income levels based on the bank's community development lending, which focuses on providing affordable housing to low- and moderate- income borrowers.
- The geographic dispersion of loans throughout census tracts of different income levels is reasonable when compared to aggregate lending data within the AA and area demographics.
- The bank has had no consumer complaints regarding its community reinvestment performance.

Scope of Examination

This Performance Evaluation assesses the performance of Llewellyn-Edison Savings Bank (LESB or the bank) in meeting the credit needs of the communities in which it serves and complying with the Community Reinvestment Act (CRA). We evaluated the bank's performance under the Small Bank performance criterion, which consists of a Lending Test. In assessing the bank's CRA performance, we considered the bank's size, financial capacity, competition, and local economic and demographic factors.

The evaluation period would normally consist of the current year-to-date plus the prior two years. In this case, the evaluation period was adjusted because lending volume over the initial evaluation period was not representative of the bank's overall lending activity. The evaluation period covers January 12, 2009 (date of the prior CRA performance evaluation) through December 31, 2013. We focused our review on the bank's primary lending products: home purchase loans and home equity lines of credit (HELOCs). Due to limited loan origination volume, we tested every home purchase loan and HELOC that was originated during the evaluation period. While the bank also engages in commercial mortgage lending, it is not the primary lending product and, as such, commercial loans were not included in the evaluation.

Description of Institution

LESB is a federally chartered savings association headquartered in West Orange, New Jersey. Including the headquarters location, the institution operates four full-service offices. Three offices are located in Essex County in the towns of West Orange and Livingston, New Jersey, in upper-income census tracts. The fourth office is located in Sussex County, in the town of Augusta, New Jersey, in a middle-income census tract.

The bank offers a traditional range of loan and deposit products. The bank is primarily a residential mortgage lender and offers loans to purchase, refinance, and construct one-to-four family dwellings. The bank also offers home equity loans and lines of credit, as well as business purpose loans. LESB offers the following deposit products: passbook savings, statement savings, personal and business checking, money market, certificates of deposit and individual retirement accounts. The bank offers a number of different account access alternatives including automated teller machines (ATMs), wire transfers, and debit cards.

As of December 31, 2013, LESB reported total assets of \$126 million, with nearly \$42 million in loans and \$98 million in deposits. See Table 1 below for detailed information regarding the composition of the bank's loan portfolio.

Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Residential Mortgage Loans	\$22,308	53.13
Commercial Mortgage Loans	1,886	4.49
Nonfarm Nonresidential Loans	9,025	21.49
Consumer Loans (including HELOCs)	8,770	20.89
Total Loans	\$41,989	100%

Source: December 31, 2013 Uniform Bank Performance Report

LESB has experienced a significant decline in its loan portfolio since the prior CRA performance evaluation. Total loans declined by \$11.64 million, or 21.71 percent, since January 12, 2009. The portion of the portfolio that was most significantly impacted was the residential mortgage portfolio, which declined by \$9.04 million, or 28.84 percent. The bank originated only 18 residential mortgages throughout the evaluation period.

There are no financial or legal factors impeding the bank's ability to help meet the credit needs of the communities it serves. LESB received a *Satisfactory* rating for the previous CRA performance evaluation dated January 12, 2009.

Description of Assessment Area

LESB's assessment area (AA) consists of Essex, Morris and Sussex Counties in New Jersey. The AA is located within the Newark-Union, NJ-PA Metropolitan Division (MD). LESB's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The AA has not changed since the prior CRA performance evaluation. LESB's performance in 2009, 2010 and 2011 was evaluated using 2000 US Census Data, and the bank's performance in 2012 and 2013 was evaluated using 2010 US Census Data.

According to the 2000 US Census, the total population of the AA was 1,408,011 with 504,275 households and 359,292 families. The AA consisted of 351 census tracts (CTs). Of the 351 CTs, 20.23 percent were classified as low-income geographies, 21.94 percent were moderate-income geographies, 25.36 percent were middle-income geographies, and 32.47 percent were upper-income geographies. The 2011 Housing and Urban Development Agency (HUD) adjusted median family income for this AA was \$90,600. Within this AA, 22.89 percent of the families were low-income, 16.30 percent were moderate-income, 19.76 percent were middle-income and 41.05 percent were upper-income.

The 2010 US Census reported that the total population of this AA increased to 1,425,510 with 511,906 households and 355,285 families. The AA consists of 351 CTs. Of the 351 CTs, 18.80 percent are classified as low-income geographies, 21.94 percent are moderate-income geographies, 23.93 percent are middle-income geographies, and 34.76 percent are upper-income geographies. The remaining 0.57 percent has not been categorized. The 2013 HUD adjusted median family income for this AA was \$90,100. Within this AA, 22.94 percent of the families are low-income, 16.06 percent are moderate-income, 19.11 percent are middle-income and 41.89 percent are upper-income.

As of year-end 2013, the unemployment rate was 5.54 percent, which is lower than the national average of 6.70 percent. The largest industry sectors in the AA are Services (45.91 percent), Non-Classifiable Establishments (12.99 percent), Retail Trade (12.09 percent), and Construction (7.81 percent). The principal city within the AA is Newark, the largest city in New Jersey and the seat of Essex County. Newark's busy international airport, shipping terminal, railway routes, and seven major highways make it a major mid-Atlantic distribution and retail trade center. The top employers are Newark International Airport, Verizon Communications, Prudential Financial, University of Medicine and Dentistry, and Merck and Co. Inc.

LESB's market for lending opportunities is competitive. The bank competes with local, regional, and nationwide financial institutions. According to the Federal Deposit Insurance Company (FDIC) Deposit Market Share Report as of June 2013, LESB ranked 33rd out of 51 institutions within Essex, Morris and Sussex Counties of New Jersey, with a deposit market share of 0.22 percent.

We interviewed a local community development organization operating in the AA. The contact identified access to low-fee banking (i.e. checking accounts), syndicated loans for larger projects, and quality affordable housing as current credit needs. The bank was noted as having met the credit needs of the community.

Conclusions with Respect to the Lending Test

Loan-to-Deposit Ratio

LESB's quarterly average loan-to-deposit (LTD) ratio is less than reasonable given the bank's size, capacity to lend, demographic and economic factors, and credit needs of the AA. The LTD ratio was calculated using quarterly information over the past twenty-one quarters (December 31, 2008 to December 31, 2013), since the last CRA examination. The average LTD ratio for LESB over this period was 53.20 percent and ranged from a low of 42.07 percent at March 30, 2013 to a high of 63.76 percent at March 30, 2009. The LTD ratio has trended downward since the prior CRA evaluation, at which time the bank's average LTD ratio was 62 percent. The ratio is also lower than the average quarterly ratios of six banks in New Jersey with similar asset sizes. The custom peer average LTD ratio was 83.82 percent with average ratios during the period ranging from 63.64 percent to 102.90 percent.

Although the LTD ratio has trended downward and is lower than the peer average, LESB's opportunities to lend have been impacted by intense competition and economic conditions. The low-rate mortgage environment, coupled with still depressed property values, has hindered the bank's ability to originate mortgage loans and HELOCs to qualified borrowers. Additionally, aggressive pricing by the larger banks and mortgage brokers have unfavorably affected the bank. For the most part, these competitors originate fixed-rate loans for sale into the secondary market at rates that often cannot be matched by smaller, interest rate risk-averse lenders, such as LESB. As a result, the bank's variable-rate mortgages and HELOC products remain temporarily out of favor as borrowers typically opt for fixed-rate mortgages at historically low rates of interest.

Lending in Assessment Area

A majority of LESB’s loans were originated inside its AA. During the evaluation period, on a combined basis, 68.75 percent by the number, and 60.46 by dollar amount, of LESB’s loan originations were within the AA.

Table 2 illustrates the bank’s residential mortgage and HELOC lending activities from 2009 through 2011 by volume and dollar amount of loans. Approximately 65.00 percent of total loans by number were made within the AA.

Table 2 - Lending in Assessment Area in 2009-2011										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	8	44.44%	10	55.56%	18	\$2,218	44.74%	\$2,739	55.26%	\$4,957
HELOC	18	81.82%	4	18.18%	22	\$3,368	70.98%	\$1,377	29.02%	\$4,745
Totals	26	65.00%	14	35.00%	40	\$5,586	57.58%	\$4,116	42.42%	\$9,702

Source: Loan Sample (2009-2011); 2000 US Census Data

Table 2A illustrates the bank’s HELOC lending activities by volume and dollar amount of loans for 2012 and 2013. The bank did not originate any home purchase loans during this period. In 2012 and 2013, 87.50 percent of total loans by number were made within the AA.

Table 2A - Lending in Assessment Area in 2012-2013										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HELOC	7	87.50%	1	12.50%	8	\$1,060	82.17%	\$230	17.83%	\$1,290
Totals	7	87.50%	1	12.50%	8	\$1,060	82.17%	\$230	17.83%	\$1,290

Source: Loan Sample (2012-2013); 2010 US Census Data

Lending to Borrowers of Different Incomes

LESB’s lending activities reflect reasonable penetration among borrowers of different income levels due to the presence of mitigating factors. The level of home purchase loans originated to low- and moderate-income borrowers is less than the percentage of such loans originated by other lenders within the AA during the evaluation period, and the percentage of HELOC originations is lower than the percentage of low- and moderate-income households within the AA. Nonetheless, LESB meets the needs of low- and moderate-income families and households by participating in loans for community development projects designed to provide quality, affordable housing to low- and moderate-income families and households within the bank’s AA. See *Community Development Lending* section for additional information.

The penetration among borrowers of different income levels for home purchase loans and HELOCs originated from 2009 through 2011 is poor before consideration of mitigating factors. Table 3 illustrates the bank’s home purchase lending activity to borrowers of different income levels for 2009-2011. LESB did not originate any home purchase loans to low-income borrowers during this period, although 4.96 percent of all home purchase loan originations within the AA were made to low-income borrowers. The level of home purchase loans originated to moderate-income borrowers (12.50 percent) is lower than the percentage of total home purchase loan originations made to moderate-income borrowers in the AA (21.25 percent).

Table 3 - Borrower Distribution of Residential Real Estate Purchase Loans in Assessment Area 2009-2011											
Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	Low	Moderate	Middle	Upper
22.89%	0.00%	16.30%	12.50%	19.76%	12.50%	41.05%	75.00%	4.96%	21.25%	25.71%	48.07%

Source: Loan Sample (2009-2011); 2000 US Census Data; 2011 Peer Mortgage Data
 *Percentages are based on loans originated during the applicable year

Table 3A illustrates the bank’s HELOC originations to borrowers of different income levels for 2009-2011. The distribution of loans to both low- and moderate-income borrowers is less than the percentage of low- and moderate-income households within the AA.

Table 3A - Borrower Distribution of Consumer Loans (including HELOCs) in Assessment Area 2009-2011							
Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
25.00%	11.11%	15.28%	11.11%	17.09%	5.56%	42.63%	72.22%

Source: Loan Sample (2009-2011); 2000 US Census Data
 *Percentages are based on loans originated during the applicable year

LESB’s lending activities in 2012 and 2013 also reflect poor penetration among borrowers of different income levels before consideration of mitigating factors. LESB originated no residential home purchase loans in 2012-2013. Table 3B includes information regarding the percentage of borrowers of different income levels and loans made to borrowers of different income levels by peer institutions within the AA during this period.

Table 3B - Borrower Distribution of Residential Real Estate Purchase Loans in Assessment Area 2012-2013											
Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	Low	Moderate	Middle	Upper
22.94%	0.00%	16.06%	0.00%	19.11%	0.00%	41.89%	0.00%	4.02%	18.22%	23.64%	54.13%

Source: 2010 US Census Data; 2013 Peer Mortgage Data

Table 3C illustrates the bank’s HELOC lending to borrowers of different income levels for 2012-2013. Of the seven HELOC loans originated during this period, none were originated to low or moderate-income households.

Table 3C - Borrower Distribution of Consumer Loans (including HELOCs) in Assessment Area 2012-2013							
Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
25.51%	0.00%	15.18%	0.00%	16.43%	42.86%	42.88%	57.14%

Source: Loan Sample (2012-2013); 2010 US Census Data
 *Percentages are based on loans originated during the applicable year

Lending opportunities are limited given the high level of competition within the AA as well as the high cost of housing. The average median home price in the AA rose from \$205 thousand in 2000 to \$405 thousand in 2010, according US Census Data. The HUD updated median family income (MFI) declined to \$90,100 in 2013 from \$90,600 in 2011. Based on these statistics, it would be difficult for a low-income individual to purchase housing in the AA. The downturn in the national economy affected the real estate prices in the area, which also limited borrowers' abilities draw on the equity in their homes.

Based on the institution's size and competitive factors, as well as the institution's involvement in community development lending, LESB's lending to borrowers of different income levels meets the standard for satisfactory performance.

Geographic Distribution of Loans

The geographic distribution of home purchase loans and HELOCs within the AA reflects reasonable dispersion throughout census tracts of different income levels and meets the standards for satisfactory performance.

The geographic distribution of home purchase loans originated in 2009-2011 is reasonable. LESB originated a greater percentage of loans in low- and moderate-income geographies than other lenders within the AA during the evaluation period. The bank's record of originating home purchase loans in low- and moderate-income tracts also exceeds the percentage of owner-occupied housing in those tracts. Table 4 reflects the percentage of households in each income tract and the percentage of residential loans made in each income tract during 2009-2011.

Table 4 - Geographic Distribution of Residential Real Estate Purchase Loans in Assessment Area 2009-2011											
Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending Data			
% of AA Owner-Occ Housing	% of Number of Loans	% of AA Owner-Occ Housing	% of Number of Loans	% of AA Owner-Occ Housing	% of Number of Loans	% of AA Owner-Occ Housing	% of Number of Loans	Low	Moderate	Middle	Upper
4.14%	12.50%	11.50%	12.50%	32.11%	25.00%	52.25%	50.00%	7.67%	10.66%	29.58%	52.09%

Source: Loan Sample (2009-2011); 2000 US Census Data; 2011 Peer Mortgage Data
 *Percentages are based on loans originated during the applicable year

The geographic distribution of HELOCs originated in 2009-2011 is reasonable.

Management did not originate any loans in low-income tracts, although it should be noted that very few of the housing within low-income geographies is owner-occupied which limits opportunities to provide this type of loan product. Management’s record of originating HELOCs in moderate-income tracts exceeds the percentage of owner-occupied housing of 11.50 percent and nearly matches the percentage of households in those tracts. Based on the bank’s size and competitive factors, the bank’s geographic distribution of loans meets the standard for satisfactory performance. Table 4A reflects the percentage of households in each income tract and the percentage of HELOC loans made by the bank in 2009-2011.

Table 4A - Geographic Distribution of Consumer Loans (including HELOCs) in Assessment Area 2009-2011							
Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
13.87%	0.00%	20.48%	16.67%	29.22%	27.78%	36.43%	55.56%

Source: Loan Sample (2009-2011); 2000 US Census Data
 *Percentages are based on loans originated during the applicable year

As mentioned, LESB did not originate any home purchase loans in 2012 or 2013. Table 4B reflects the distribution of owner-occupied housing units within geographies of different income levels and the percentage of loans originated by other institutions within the AA by geography.

Table 4B - Geographic Distribution of Residential Real Estate Purchase Loans in Assessment Area 2012-2013											
Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending Data			
% of AA Owner-Occ Housing	% of Number of Loans	% of AA Owner-Occ Housing	% of Number of Loans	% of AA Owner-Occ Housing	% of Number of Loans	% of AA Owner-Occ Housing	% of Number of Loans	Low	Moderate	Middle	Upper
4.45%	0.00%	11.41%	0.00%	28.70%	0.00%	55.44%	0.00%	4.40%	8.80%	25.94%	60.86%

Source: 2010 US Census Data; 2013 Peer Mortgage Data

The geographic distribution of HELOCs originated in 2012-2013 is reasonable. Management did not originate any HELOCs in low-income tracts, but the bank’s record of originating HELOCs in moderate-income tracts significantly exceeds the percentage of households as well as the percentage of owner-occupied housing within those tracts. Table 4C reflects the percentage of households and the percentage of HELOCs made

by the bank, by geography, in 2012-2013.

Table 4C - Geographic Distribution of Consumer Loans (including HELOCs) in Assessment Area 2012-2013							
Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
14.02%	0.00%	20.44%	42.86%	25.83%	14.29%	39.71%	42.85%

Source: Loan Sample (2012-2013); 2010 US Census Data
 *Percentages are based on loans originated during the applicable year

Community Development Lending

During the review period, LESB was an active community development lender in its AA. The bank participated in projects organized by the Thrift Institutions Community Investment Corporation of New Jersey (TICIC), a subsidiary of the New Jersey League of Community Bankers, that provided loans for affordable housing and community development.

During the review period, LESB provided funding for four community development loans totaling \$1.51 million. All of the loans were made for the purpose of financing properties that provide affordable housing to low- and moderate-income households and families in the bank’s AA.

- Siena Village at Wayne: \$821 thousand participation to refinance a 250-unit affordable housing complex for senior citizens in Wayne, New Jersey.
- Weequahic V UR Associates: \$21 thousand participation in the construction of an apartment building to provide affordable housing in Newark, New Jersey.
- Valley Street Associates: \$190 thousand participation to refinance a 24-rental unit property providing affordable housing in Orange, Essex County, New Jersey.
- Franklin Boulevard Commons: \$475 thousand loan for the construction of 66 affordable rental-housing units in Franklin Township, Sussex County, New Jersey.

LESB has demonstrated its continuing commitment to meeting community development needs through its involvement in numerous loans that provide affordable housing to low- and moderate-income households and families.

Responses to Complaints

A review of OCC's Customer Assistance Group's complaint records, as well as the bank's Public CRA File, revealed no CRA-related complaints filed since the prior examination. Therefore, analysis of this criterion was not applicable.

Fair Lending or Other Illegal Credit Practices Review

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

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

The rating is based on the following criteria:

- The quarterly average loan-to-deposit ratio is more than reasonable at 94.93 percent. This meets the standard for satisfactory performance.
- A majority of loans, 60 percent by number and 53 percent by dollar amount, were originated inside the assessment area. This meets the standard for satisfactory performance.
- The distribution of loans to businesses of different sizes is reasonable and meets the standard for satisfactory performance.
- The geographic distribution of loans to businesses reflects reasonable dispersion throughout geographies of different income levels. This meets the standard for satisfactory performance.
- No consumer complaints were filed during the evaluation period.

SCOPE OF EXAMINATION

This Performance Evaluation assesses the ability of Enterprise National Bank (ENB or the bank) to meet the credit needs of the communities where it conducts business and comply with the Community Reinvestment Act (CRA). The bank was evaluated using the small bank performance criteria. The bank's primary loan product is business loans, as per our review of the number and dollar amount of loan types originated throughout the evaluation period. Business lending includes lines of credit, installment and term loans, construction financing, and real estate loans.

Conclusions regarding ENB's lending performance are based on the bank's primary loan product, loans to businesses. ENB is not required to collect CRA small business information. In order to evaluate ENB's record of originating business loans, we validated the bank's records of business lending by testing a sample of 55 loans for

data integrity that were originated from January 1, 2012 to December 31, 2013 (the evaluation period). Our sample included 22 randomly selected loans from the Newark-Union assessment area (AA) and the entire population of loans originated in the Edison, NJ AA. All loans were evaluated based on 2013 Business Geodemographic Data. This limited data analysis was performed with the concurrence of bank management.

DESCRIPTION OF INSTITUTION

Enterprise National Bank (ENB) is a \$155 million intrastate community bank headquartered in Kenilworth, NJ. The bank was founded on August 19, 2002 and has three full service branches located in Kenilworth, Edison, and Bloomfield. Since the prior CRA examination, ENB opened the Bloomfield Branch in June 2011. There are no financial or legal factors preventing the bank from helping to meet the credit needs within its AAs. The previous Performance Evaluation was issued on January 13, 2010, and the overall CRA rating assigned was Satisfactory.

As of June 30, 2014, ENB reported net loans of \$140 million and total deposits of \$119 million. Tier one capital totaled \$20 million. Net loans represented 94 percent of average assets. The bank's products consist of non-farm non-residential loans (58 percent), multifamily loans (15 percent), residential real estate loans (10 percent), commercial and industrial loans (8 percent), construction and development loans (8 percent), and consumer loans (1 percent). The bank's primary lending products consist of business loans. The bank's business strategy is mainly the pursuit of business lending opportunities for commercial real estate properties.

DESCRIPTION OF ASSESSMENT AREA(S)

ENB has two AAs within the Newark-Union, NJ-PA Metropolitan Division (MD) (35084) and the Edison, NJ MD (20764), which are part of the New York-Northern New Jersey-Long Island, NY-NJ-PA Metropolitan Statistical Area #35620. Both AAs meet regulatory requirements and do not arbitrarily exclude any low- or moderate-income geographies. ENB operates two full-service branches within the Newark-Union-NJ-PA AA and one full-service branch in the Edison, NJ AA. For description and analysis purposes, the AAs are defined using 2010 Census data. A full-scope evaluation was performed for each AA.

Newark-Union-NJ-PA MD (35084)

ENB designated 210 census tracts in Essex County, 108 census tracts in Union County, and 100 census tracts in Morris County as an AA. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude low-or moderate-income areas. Of the 418 census tracts within the MD, 80 (19.14 percent) are low-income geographies, 109 (26.08 percent) are moderate-income geographies, 88 (21.05 percent) are middle-income geographies, and 139 (33.25 percent) are upper-income geographies.

ENB operates two full-service branches within this AA. The main branch is headquartered in Kenilworth, Union County, NJ. This branch is located in a middle-income geography. The Bloomfield branch is located in Bloomfield, Essex County, NJ. This branch is located in a moderate-income geography. Both branches offer a traditional array of banking services and products. They also both have extended Thursday hours and are open on Saturday.

ENB faces significant competition within this AA. According to the FDIC's June 2013 Deposit Market Share Report, there were 708 offices between 55 institutions in the AA. The largest controllers, based on market share percentage, were Wells Fargo Bank, N.A. (17.24 percent market share and 73 offices), New York Community Bank (9.63 percent market share and 27 offices), TD Bank, N.A. (8.89 percent market share and 47 offices), Bank of America, N.A. (8.35 percent market share and 76 offices) and JPMorgan Chase (7.31 percent market share and 62 offices). The bank had 0.09 percent market share at June 30, 2013.

The overall population of the AA is 1,812,744 as per 2010 census data. Of this population, 271,909 (15.00 percent) reside in low-income geographies, 435,784 (24.04 percent) reside in moderate-income geographies, 405,330 (22.36 percent) reside in middle-income geographies, and 695,006 (38.34 percent) reside in upper-income geographies. The 2010 census median family income was \$95,921.

The total number of housing units within the AA is 698,735, of which 55 percent are owner-occupied, 37 percent are rentals, and 8 percent are vacant. Approximately 5 percent of all owner-occupied housing within the AA is located within low-income geographies, 15 percent in moderate-income geographies, 26 percent in middle-income geographies, and 54 percent in upper-income geographies. The median housing value was \$413,605 compared to the state median value of \$337,900 and a national average of \$181,400.

The economic condition of the AA is improving at a rate similar to state averages. The median household income increased by 31.29 percent since 2000, which is in line with the state average of 29.90 percent. The median housing value of \$413,605 has grown by 100.97 percent since 2000, which is also in line with the state average of 97.83 percent. Population growth of 8.02 percent from 2000 to 2010 exceeded the state average of 4.49 percent.

Discussions with a community contact representing Essex County indicated that there is access to financial services for residents, but acquiring a mortgage is still difficult for low- and moderate-income families. There are income disparities evident in the differences between the inner cities and suburban areas, as suburban towns are enclaves of wealth, while cities contain much of the low- and moderate-income geographies in the county.

The following table outlines basic demographic data for ENB’s AA:

Demographic Information for the Newark-Union NJ-PA MD Assessment Area						
Demographic Characteristics	#	% Low Income Tract	% Moderate Income Tract	% Middle Income Tract	% Upper Income Tract	Unknown Income Tract*
Census Tracts	418	19.14	26.08	21.05	33.25	0.48
Total Population	1,812,744	15.00	24.04	22.36	38.34	0.26
Total Housing Units	698,735	15.92	24.58	23.37	36.13	0.00
Owner-Occupied Housing	381,440	4.72	14.79	26.51	53.98	0.00
Median Family Income		\$87,598	Median Housing Value	\$413,605		
HUD Adjusted MFI for 2013		\$90,100	Unemployment Rate	5.61%		
Households Below Poverty Level		10.16%	(2010 US Census)			

Source: 2010 Census and 2013 Updated HUD MFI

Edison, NJ MD (20764)

ENB designated 175 census tracts within Middlesex County as an AA. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude low-or moderate-income areas. Of the 175 ENB census tracts, 11 (6.29 percent) are low-income geographies, 28 (16.00 percent) are moderate-income geographies, 98 (56.00 percent) are middle-income geographies, and 38 (21.71 percent) are upper-income geographies.

ENB operates one full-service branch within the AA, which is located in Edison, NJ. The branch is located in an upper-income geographic location. The branch offers traditional banking products and services.

ENB faces significant competition within this AA. According to the FDIC’s June 2013 Deposit Market Share Report, there were 282 offices between 46 institutions in the AA. The largest controllers, based on number of offices, were PNC Bank, N.A. (22.41 percent market share and 34 offices), Wells Fargo Bank, N.A (12.59 percent market share and 26 offices), Bank of America, N.A (10.94 percent market share and 28 offices), TD Bank, N.A (7.77 percent market share and 15 offices) and The Provident Bank (6.42 percent market share and 22 offices). The bank had 0.19 percent market share as of June 30, 2013.

The population of the AA is 809,858 as per 2010 census data. Of this, 54,908 (6.78 percent) reside in low-income geographies, 133,384 (16.47 percent) reside in moderate-income geographies, 451,172 (55.71 percent) reside in middle-income geographies, and 170,394 (21.04 percent) reside in upper-income geographies. The median family income was \$91,959.

The total number of housing units within the AA is 292,495. Of these, 185,822 (63.53 percent) are owner-occupied, 91,580 (31.31 percent) are rental properties, and 15,093 (5.16 percent) are vacant. Furthermore, 16,976 (5.80 percent) are situated in low-income geographies, 52,561 (17.97 percent) are in moderate-income geographies, 163,622 (55.94 percent) are in middle-income geographies, and 59,354 (20.29 percent) are in upper-income geographies. The median housing value was \$340,000 compared to the state median value of \$337,900 and a national average of \$181,400.

The economic condition of the AA is improving at a rate similar to state averages. The median household income increased by 29.29 percent since 2000, which is in line with the state average of 29.90 percent. The median house value of \$340,000 has grown by 101.78 percent since 2000, which is also in line with the state average of 97.83 percent. Population growth of 7.96 percent from 2000 to 2010 exceeded the state average of 4.49 percent.

The following table demonstrates basic demographic information for the AA:

Demographic Information for the Edison, NJ MD Assessment Area						
Demographic Characteristics	#	% Low Income Tract	% Moderate Income Tract	% Middle Income Tract	% Upper Income Tract	Unknown Income Tract*
Census Tracts	175	6.29	16.00	56.00	21.71	0.00
Total Population	809,858	6.78	16.47	55.71	21.04	0.00
Total Housing Units	292,495	5.80	17.97	55.94	20.29	0.00
Owner-Occupied Housing	185,819	2.21	12.96	59.03	25.80	0.00
Median Family Income		\$91,959	Median Housing Value		\$355,417	
HUD-Adjusted MFI for 2013		\$96,600	Unemployment Rate		3.76%	
Households Below Poverty Level		7%	(2010 US Census)			

Source: 2010 Census and 2013 Updated HUD MFI

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

ENB’s performance under the Lending Test is “Satisfactory.” The loan-to-deposit ratio is more than reasonable, and the majority of the loans originated during the evaluation period were within the AA. The borrower distribution of ENB’s loans reflects reasonable penetration among businesses of different sizes. The geographic distribution of loans reflects reasonable dispersion throughout geographies of different income levels. Conclusions were based on ENB’s record of originating business loans, as ENB is not required to collect or report HMDA information or any small business information.

Loan-to-Deposit Ratio

ENB’s quarterly average loan-to-deposit ratio is more than reasonable and is considered outstanding given the institution’s lending capacity, lending opportunities in the AAs, and the demographics of the bank’s AAs. In the nineteen quarters since the

prior CRA examination, the bank’s quarterly average loan-to-deposit ratio was 94.93 percent. During this period, the bank’s net loan-to-deposit ratio fluctuated from a low of 78.65 percent (March 31, 2010) to a high of 121 percent (March 31, 2014).

ENB’s quarterly average loan-to-deposit ratio compares favorably against other local financial institutions of similar size, location, and product offerings. The bank ranks fourth among eleven peer banks. The average loan-to-deposit ratio for the other eleven banks was 79.26 percent, ranging from 35.92 percent to 107.45 percent.

Lending in Assessment Area

The analysis of ENB’s record of lending in its AAs was performed at the bank level. We analyzed ENB’s record of originating business loans inside, versus outside, of its AAs during 2012 and 2013. The analysis focused on business loans because business loans are ENB’s primary loan product. ENB’s business loan originations include lines of credit, installment and term loans, construction financing, and real estate loans.

ENB originated the majority of its business loans inside its AAs and is rated satisfactory. The table below details the bank’s loan origination activity within the AAs by number and dollar amount of loans. Based on our sample, 60 percent of the loans in number, and 53 percent in dollar volume, were made within the bank’s AAs.

Table 1 – Lending in ENB’s Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside AA		Outside AA		Total	Inside AA		Outside AA		Total
	#	%	#	%		\$	%	\$	%	
Business	33	60%	22	40%	55	\$10,737	53%	\$9,582	47%	\$20,319
Total	33	60%	22	40%	55	\$10,737	53%	\$9,582	47%	\$20,319

Source: 2013 Business Geodemographic Data and Loan Sample

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

ENB’s distribution of loans to businesses of varying sizes is reasonable and meets the standard for satisfactory performance. There is reasonable penetration in the both AAs. This is based on the bank’s high volume of loans to small businesses compared to the total number of loans originated during the evaluation period.

Performance in the Newark-Union-NJ-PA MD (35084)

The borrower distribution of business loans in the Newark-Union-NJ-PA MD AA reflects reasonable penetration among businesses of varying sizes. ENB originated 71 loans (51.45 percent of total loans originated) in this AA during the evaluation period. Of these, 67 (94.37 percent) were to small businesses (Revenue ≤ One Million). The dollar amount of loans to small businesses is equivalent to 76.19 percent of the total dollar amount of loans originated during the sampling period. This is acceptable considering

demographic information that indicates that 72.05 percent of businesses in the AA are small.

Table 2A - Borrower Distribution of Loans to Businesses in the Newark-Union-NJ-PA MD 35084				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.05%	6.14%	21.81%	100%
% of Bank Loans in AA by #	94.37%	5.63%	0.00	100%
% of Bank Loans in AA by \$	76.19%	23.81%	0.00	100%

Source: 2013 Business Geodemographic Data and Loan Sample

Performance in the Edison, NJ MD (20764)

The borrower distribution of business loans in the Edison, NJ MD AA reflects reasonable penetration among businesses of varying sizes. ENB originated 11 loans (7.97 percent of total loans originated) in this AA during the evaluation period. Of these, six (54.54 percent) were to small businesses (Revenue ≤ One Million). The dollar amount of loans to small businesses is equivalent to 52.97 percent of the total dollar amount of loans originated during the evaluation period. This is acceptable considering demographic information that indicates that 70.34 percent of businesses in the AA are small.

Table 2B - Borrower Distribution of Loans to Businesses in the Edison-NJ MD 20764				
Business Revenue (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	70.34%	7.00%	22.66%	100%
% of Bank Loans in AA by #	54.54%	45.46%	0.00	100%
% of Bank Loans in AA by \$	52.97%	47.03%	0.00	100%

Source: 2013 Business Geodemographic Data and Loan Sample

Geographic Distribution of Loans

The geographic distribution of business loans reflects a reasonable dispersion throughout geographies of different income levels and meets the standard for satisfactory performance. We placed more weight on the geographic distribution of loans in the Newark-Union-NJ-PA MD due to the bank's limited opportunities to lend to businesses located within low- and moderate-income geographies in the Edison, NJ MD. Only 18.97 percent of businesses in the Edison, NJ MD are located in low- and moderate-income tracts, compared to 28.95 percent in the Newark-Union-NJ-PA MD.

Performance in the Newark-Union-NJ-PA MD (35084)

The geographic distribution of loans reflects excellent dispersion throughout geographies of different income levels, and ENB’s performance meets the standard for outstanding performance.

The percentage of loans made to businesses within low-income geographies exceeds the percentage of businesses located within low-income geographies in the AA. The percentage of loans made to businesses within moderate-income geographies exceeds the percentage of businesses located within moderate-income geographies.

Table 3A – Geographic Distribution of Loans to Businesses in the Newark-Union-NJ-PA MD 35084								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	11.20	18.18	17.75	31.82	22.75	13.64	47.97	36.36

Source: 2013 Business Geodemographic Data and Loan Sample

Performance in the Edison, NJ MD (20764)

The geographic distribution of loans reflects poor dispersion throughout census geographies of different income levels, and ENB’s performance does not meet the standard for satisfactory performance.

ENB did not originate any loans to businesses located within low- or moderate-income geographies during the evaluation period. As a result, the percentage of loans made to businesses within low-income and moderate-income geographies is significantly lower than the percentage of businesses located within low-income and moderate-income geographies in the AA.

Table 3B - Geographic Distribution of Loans to Businesses in the Edison, NJ MD 20764								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	5.16%	0.00%	13.94%	0.00	54.76%	54.55%	26.15%	45.45%

Source: 2013 Business Geodemographic Data and Loan Sample

Responses to Complaints

There have been no complaints in regards to CRA issues.

Fair Lending or Other Illegal Credit Practices Review

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

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