

PUBLIC DISCLOSURE

July 10, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Northwest Bank
Certificate Number: 28178

100 Liberty Street
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		
High Satisfactory		X	X
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 levels 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, given the product lines offered by the institution, reflects excellent penetration among retail customers of different income levels and business of different revenue sizes.
- The institution exhibits a good 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 institution uses 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 High Satisfactory.

- The bank has a significant 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 High Satisfactory.

- Delivery systems are accessible to essentially all portions of the bank's assessment areas.
- The bank's opening and closing of branches has 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 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 (Northwest) is a full-service financial institution headquartered in Warren, Pennsylvania (PA). The bank operates in 34 counties in PA, 5 counties in New York (NY), 4 counties in Ohio (OH), and 13 counties in Indiana (IN). Northwest is owned by Northwest Bancshares, Inc., a one-bank holding company located in Columbus, OH. The bank owns and operates the following four subsidiaries: Great Northwest Corporation; Northwest Capital Group, Inc.; Mutual Federal Interest Corporation; and Northwest Settlement Agency, LLC. The bank received an Outstanding rating at its previous FDIC Performance Evaluation dated June 29, 2020, based on Large Bank Examination Procedures.

Northwest currently operates 142 branches with 83 in PA, 28 in NY, 11 in OH, and 20 in IN. Of the 142 branches, 134 branches are full-service and 8 are limited-service (primarily 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 area. 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, 185 Automated Teller Machines (ATMs), and 16 Interactive Teller Machines (ITMs).

In April 2020, the bank acquired MutualBank (Muncie, IN) along with 36 branches throughout IN. Of the total acquired branches, 11 branches were in moderate-income census tracts. In addition, the bank opened 5 loan production offices (LPOs) at the end of 2020, 4 within IN and 1 within NY.

Northwest closed 70 full-service branches, 2 limited-service facilities, and 1 LPO since the previous evaluation. Of the total closed branches, 36 full-service branches and 1 limited-service facility were in PA; 8 full-service branches were in NY; 10 full-service branches and 1 limited-service facility was in OH; and 16 full-service branches and 1 LPO was in IN. Of the total closed full-service branches, 2 were located in low-income census tracts and 15 were located in moderate-income census tracts.

Assets totaled \$14.3 billion as of March 31, 2023, and included total loans of \$11.1 billion and total securities of \$2.1 billion. Total deposits were \$11.9 billion. The following table illustrates the composition of the bank's loan portfolio.

Loan Portfolio Distribution as of 03/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	281,017	2.5
Secured by Farmland	77,071	0.7
Secured by 1-4 Family Residential Properties	4,907,432	44.2
Secured by Multifamily (5 or more) Residential Properties	349,788	3.2
Secured by Nonfarm Nonresidential Properties	1,982,777	17.9
Total Real Estate Loans	7,598,085	68.5
Commercial and Industrial Loans	1,202,887	10.8
Agricultural Production and Other Loans to Farmers	8,350	0.1
Consumer Loans	2,222,141	20.0
Obligations of State and Political Subdivisions in the U.S.	17,839	0.2
Other Loans	45,187	0.4
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	11,094,489	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 Community Reinvestment Act (CRA) requires each financial institution to define one or more assessment areas within which its supervisory agency will evaluate its CRA performance. Northwest designates 17 assessment areas within 4 state rated areas of PA, NY, OH, and IN.

Within the PA rated area, the bank designates the following nine assessment areas:

- PA Non-Metropolitan Statistical Area (Non-MSA);
- Pittsburgh, PA MSA;
- Erie, PA MSA;
- Harrisburg-York-Lebanon, PA Combined Statistical Area (CSA); including Harrisburg-Carlisle, PA MSA; York-Hanover, PA MSA; and Lebanon, PA MSA;
- State College, PA MSA;
- Johnstown, PA MSA;
- Lancaster, PA MSA;
- Williamsport, PA MSA; and
- Youngstown-Warren-Boardman, Ohio-PA MSA (Youngstown, OH-PA MSA).

Within the NY rated area, the bank designates the following three assessment areas:

- Buffalo-Cheektowaga, NY MSA;

- NY Non-MSA; and
- Rochester, NY MSA.

Within the OH rated area, the bank designates the following single assessment area:

- Cleveland-Akron-Canton, OH CSA; including Cleveland-Elyria, OH MSA; Akron, OH MSA; and Sandusky, OH Micropolitan Statistical Area.

Within the IN rated area, the bank designates the following four assessment areas:

- IN Non-MSA;
- South Bend-Elkhart-Mishawaka, IN-Michigan (MI) CSA (South Bend-Elkhart, IN CSA); including South Bend-Mishawaka, IN-MI MSA and Elkhart-Goshen, IN MSA;
- Muncie, IN MSA; and
- Bloomington, IN MSA.

Northwest changed its overall assessment area since the prior evaluation. With its acquisition of MutualBank in April 2020, Northwest expanded its combined assessment area to include the four assessment areas in the IN rated area. The bank also made changes to its PA and OH rated areas. Northwest removed Ashtabula, Cuyahoga, and Lake Counties from its Cleveland-Akron, OH CSA assessment area and Adams County from the Harrisburg-York-Lebanon, PA CSA assessment area.

Please refer to the individual assessment areas for additional assessment area details.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 29, 2020, to the current evaluation dated July 10, 2023. Examiners used the Interagency Large Institution Examination Procedures to evaluate Northwest's CRA performance. These procedures include the Lending Test, Investment Test, and Service Test. Please refer to the Appendices for a complete description of these tests.

Northwest has 17 assessment areas comprising of nine assessment areas in PA, three assessment areas in NY, one assessment area in OH, and four assessment areas in IN. Please refer to the Scope of Evaluation under each rated area for details on the area's full-scope and limited scope reviews. Northwest's performance in the PA rated area contributed the most weight when determining the overall ratings and conclusions, as this area accounted for a majority of the bank's lending, deposits, and branch office locations.

Activities Reviewed

Examiners determined Northwest's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy, as well as the number and dollar volume of loans originated or purchased during the evaluation period. Home mortgage lending

contributed more weight to overall conclusions due to the larger loan volume as compared to small business loans. In comparison to the volume of home mortgage and small business loans, Northwest's small farm lending activity was minimal. For this reason, except for the Assessment Area Concentration criterion, examiners did not include small farm loans within the lending analysis. No other loan types, such as consumer or other real estate secured loans, represent a major product line. Therefore, they provide no material support for conclusions or ratings and examiners did not present these loan types.

Examiners reviewed home mortgage loans reported on the bank's 2020, 2021 and 2022 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). Northwest originated or purchased 11,241 loans totaling \$2.0 billion in 2020; 10,561 loans totaling \$2.0 billion in 2021; and 8,044 loans totaling \$1.8 billion in 2022. Examiners also reviewed small business loans reported on the bank's 2020, 2021 and 2022 CRA loan registers. Northwest originated 5,901 loans totaling \$555.5 million in 2020; 4,199 loans totaling \$364.2 million in 2021; and 1,402 loans totaling \$159.4 million in 2022. The bank's 2020 and 2021 small business loans included a significant volume of the Small Business Administration's Paycheck Protection Program (PPP) loans, including 4,169 PPP loans totaling \$356.3 million in 2020; and 2,571 PPP loans totaling \$176.1 million in 2021. Northwest originated additional PPP loans that did not meet the definition of a small business loan.

For comparative purposes, the evaluation presents 2020 and 2021 aggregate HMDA and small business loan data, 2015 American Community Survey (ACS) data, 2020 Census data, and 2020, 2021, and 2022 D&B data. Although this evaluation presents the number and dollar volume of loans, examiners emphasized performance by number because number of loans is a better indicator of the number of individuals and businesses served.

Bank management provided information on community development loans, qualified investments, and retail and community development services since the prior CRA evaluation dated June 29, 2020.

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, NY, OH, and IN rated areas support this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Examiners considered the institution's size, loan portfolio composition, and competition level. Northwest's excellent lending performance in the PA, NY and IN rated areas supports this conclusion.

Home Mortgage Loans

Within the combined assessment area, the bank originated or purchased 9,925 home mortgage loans totaling \$1.6 billion in 2020; 9,437 home mortgage loans totaling \$1.5 billion in 2021; and 6,933 home mortgage loans totaling \$1.2 billion in 2022. This volume is significantly higher to the

volume of home mortgage loans the bank made during the prior review period. During that review period and within its combined assessment area, the bank originated or purchased 4,347 home mortgage loans totaling \$571.6 million in 2017; 5,889 home mortgage loans totaling \$700.3 million in 2018; and 7,150 home mortgage loans totaling \$917.6 million in 2019. Northwest's business growth and its acquisition of MutualBank in April 2020 contributed to the increase in mortgage lending since the prior evaluation.

Small Business Loans

Within the combined assessment area, the bank originated 5,474 small business loans totaling \$490.2 million in 2020; 3,915 small business loans totaling \$312.3 in 2021; and 1,297 small business loans totaling \$137.5 million in 2022. This volume is significantly higher to the volume of small business loans the bank made during the prior review period. During that review period and within its combined assessment area, the bank originated 800 small business loans totaling \$147.0 million in 2017; 897 small business loans totaling \$156.1 million in 2018; and 913 small business loans totaling \$173.3 million in 2019. The bank's participation in SBA's PPP primarily contributed to the increase in small business lending during this review period. In 2020, the bank originated 3,858 PPP loans totaling \$314.6 million that were included as small business loans in the combined assessment area. In 2021, the bank originated 2,571 PPP loans totaling \$176.1 million that were included as small business loans in the combined assessment area.

Refer to the Lending Activity criterion under each assessment area for additional information.

Assessment Area Concentration

A substantial majority of loans are made in the bank's assessment areas. The following table presents, by number and dollar volume, home mortgage, small business, and small farm loans made inside and outside the combined assessment area.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	9,925	88.3	1,316	11.7	11,241	1,604,459	79.7	408,080	20.3	2,012,539
2021	9,437	89.4	1,124	10.6	10,561	1,545,282	78.1	433,318	21.9	1,978,600
2022	6933	86.2	1,111	13.8	8,044	1,219,270	67.5	586,121	32.5	1,805,391
Subtotal	26,295	88.1	3,551	11.9	29,846	4,369,011	75.4	1,427,519	24.6	5,796,530
Small Business										
2020	5,474	92.8	427	7.2	5,901	490,172	88.2	65,323	11.8	555,495
2021	3,915	93.2	284	6.8	4,199	312,347	85.8	51,855	14.2	364,202
2022	1,297	92.5	105	7.5	1,402	137,450	86.2	21,995	13.8	159,445
Subtotal	10,686	92.9	816	7.1	11,502	939,969	87.1	139,173	12.9	1,079,142
Small Farm										
2020	126	98.4	2	1.6	128	14,737	99.7	45	0.3	14,782
2021	117	95.1	6	4.9	123	11,482	87.8	1,594	12.2	13,076
2022	80	95.2	4	4.8	84	6,262	97.3	172	2.7	6,434
Subtotal	323	96.4	12	3.6	335	32,481	94.7	1,811	5.3	34,292
Total	37,304	89.5	4,379	10.5	41,683	5,341,461	77.3	1,568,503	22.7	6,909,964
Source: Bank Data. Due to rounding, totals may not equal 100.0%										

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, OH, and IN rated areas is consistent with the bank's overall performance.

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size throughout the combined assessment area. The bank's excellent 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 OH and IN rated areas is consistent with the bank's overall performance and the bank's performance in the NY rated area slightly trailed the overall performance.

Innovative or Flexible Lending Practices

Northwest uses both innovative and flexible lending programs to serve the needs of low- and moderate-income individuals within its combined 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 credit worthy 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.

Northwest originated 8,490 innovative and flexible loans totaling approximately \$660.0 million during the review period. This represents a decrease by number and dollar volume since the previous evaluation, when the bank originated 21,865 loans totaling approximately \$716.9 million. The significant decrease by number is primarily contributed to the decrease in small-dollar lending. During the current review period, the bank originated 2,902 small-dollar loans; however, during the previous evaluation's review period, the bank originated 15,439 small-dollar loans. The decrease by dollar volume is primarily contributed to the decrease in PPP lending. During the current review period, the bank originated 2,776 PPP loans totaling \$223.7 million; however, during the previous evaluation's review period, the bank originated 4,655 PPP loans totaling \$506.0 million.

Since the previous performance evaluation, the bank has participated in two new programs, Neighborhood LIFT and Community Homebuyers Corporation. In addition, the bank continued offering COVID-19 pandemic related mortgage, home equity, and consumer loan deferments during the review period and provided relief to 6,388 customers. The following table details the bank's innovative and flexible loan programs, by category.

Innovative or Flexible Lending Programs										
Type of Program	2020*		2021		2022		2023**		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Mortgage Loan Programs	466	63,881	901	136,368	644	86,923	236	28,459	2,247	315,631
Consumer Loan Programs	359	407	1,005	1,190	1,225	1,475	313	447	2,902	3,519
Government Loan Programs	92	14,951	187	36,858	143	31,144	129	34,169	551	117,122
Disaster Relief Loan Programs	16	67	2,774	223,630	0	0	0	0	2,790	223,697
Totals	933	79,306	4,865	398,046	2,012	119,541	678	63,072	8,490	659,969
<i>Source: Bank Data. (*) Includes loan data from 6/29/2020 to 12/31/2020. (**) Includes loan data from 1/1/2023 to 7/10/2023</i>										

The following tables detail the bank's innovative and flexible loan programs.

Innovative or Flexible Lending Programs Mortgage Loan Programs										
Type of Program	2020*		2021		2022		2023**		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
HEROs Loan Program	186	34,762	469	88,977	191	34,993	34	7,079	880	165,811
Hometown Loan Program	73	7,533	109	11,265	89	8,861	45	4,912	316	32,571
HomeOne Loan Program	13	2,269	38	6,675	50	8,650	11	1,843	112	19,437
Home Possible Loan Program	135	14,864	245	25,898	231	27,962	95	10,915	706	79,639
HomeReady Loan Program	0	0	4	591	4	560	3	375	11	1,526
Habitat Loans (Originated)	18	1,927	2	252	9	1,285	9	1,261	38	4,725
Habitat Loans (Purchased)	25	1,462	0	0	29	2,080	31	1,574	85	5,116
Neighborhood LIFT	1	105	1	245	0	0	0	0	2	350
Community Homebuyers Corporation	0	0	2	25	5	76	1	14	8	115
City/County of Lebanon First Time Homebuyer	0	0	1	146	0	0	0	0	1	146
Loan Modifications	15	959	30	2,294	36	2,456	7	486	88	6,195
Totals	466	63,881	901	136,368	644	86,923	236	28,459	2,247	315,631
Source: Bank Data. (*) Includes loan data from 6/29/2020 to 12/31/2020. (**) Includes loan data from 1/1/2023 to 7/10/2023										

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

- **HEROs 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 scores and down payment parameters with competitive interest rates and reduced bank fees. Loans can be for either home purchase or refinance purposes.
- **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 three 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 Federal Home Loan Bank (FHLB)'s First Front Door Program.
- **HomeOne Loan Program** – In partnership with Freddie Mac, the program allows a low down payment option that serves the needs of qualified first-time homebuyer with no geographic or income restrictions.
- **Home Possible Loan Program** – In partnership with Freddie Mac, the program allows 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.
- **HomeReady Loan Program** – In partnership with Fannie Mae, the program helps lenders serve low- and moderate-income borrowers, and encourages the financing of homes in

designated low-income, minority, and disaster-impacted communities. Borrower income must be below 100 percent of the area median income credit

- **Habitat Loans (Originated)** – In partnership with Habitat for Humanity organizations throughout the bank’s combined assessment area, the bank offers to complete the loan documentation and close the loans in either the bank’s name or Habitat for Humanity, depending on the liquidity needs of the organization. The bank provides low- and moderate-income borrowers that meet Habitat for Humanity’s requirements with a zero percent interest rate loan with no down payment and no mortgage insurance requirement.
- **Habitat Loans (Purchased)** – The bank purchases existing loans within Habitat for Humanity organizations’ portfolios throughout the bank’s combined assessment in order to meet liquidity needs.
- **Neighborhood LIFT** – The bank offers the NeighborWorks Loan Program that provides down payment assistance with a first responder, military, and teacher benefit. The program provides a \$15,000 down payment assistance for eligible applicants and \$17,500 down payment assistance for eligible homebuyers who are purchasing a home in Allegheny County, PA. This is a grant with zero percent interest and if conditions are satisfied, it will be forgiven.
- **Community Homebuyers Corporation** – The bank partners with Community Homebuyers Corporation to provide assistance for first-time homebuyers through a grant. An applicant’s income cannot exceed 80 percent of the area median income adjusted for household income size. This partnership is to help individuals and families purchase their first home.
- **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 three 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 seller assist, First Front Door grants, 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.
- **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.

Innovative or Flexible Lending Programs Consumer Loan Programs										
Type of Program	2020*		2021		2022		2023**		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Dollar Loan Program of \$0-\$1,000	243	164	641	446	789	571	166	131	1,839	1,312
Small Dollar Loan Program of \$1,001-\$2,500	116	243	364	744	436	904	147	316	1,063	2,207
Totals	359	407	1,005	1,190	1,225	1,475	313	447	2,902	3,519
<i>Source: Bank Data. (*) Includes loan data from 6/29/2020 to 12/31/2020. (**) Includes loan data from 1/1/2023 to 7/10/2023</i>										

The bank offers a small-dollar loan program with amounts of \$2,500 or less, low or no closing fees, and annual percentage rates of 36 percent or less.

Innovative or Flexible Lending Programs Government Loan Programs										
Type of Program	2020*		2021		2022		2023**		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
SBA Loans	32	6,261	72	19,440	39	12,317	87	26,053	230	64,071
FHA Loans	10	2,011	12	2,507	20	4,069	17	3,363	59	11,950
VA Loans	20	2,954	62	10,006	61	11,666	19	3,816	162	28,442
USDA Loans	30	3,725	41	4,905	23	3,092	6	937	100	12,659
Totals	92	14,951	187	36,858	143	31,144	129	34,169	551	117,122
<i>Source: Bank Data. (*) Includes loan data from 6/29/2020 to 12/31/2020. (**) Includes loan data from 1/1/2023 to 7/10/2023</i>										

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

- **SBA Loans** – The bank remains a certified lender with the 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 loans provide longer terms and amortization periods for small business than may be possible with conventional financing. Additionally, the guarantee of the SBA provides more flexible underwriting to qualify more borrowers.
- **FHA Loans** – The bank offers mortgage loans issued and insured by the Federal Housing Administration (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 United States Department of Veterans Affairs 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 Loans** – The United States Department of Agriculture (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.

Innovative or Flexible Lending Programs Disaster Relief Loan Programs										
Type of Program	2020*		2021		2022		2023**		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
PPP Loans	4	53	2,772	223,625	0	0	0	0	2,776	223,678
Consumer Special Impact	12	14	2	5	0	0	0	0	14	19
Totals	16	67	2,774	223,630	0	0	0	0	2,790	223,697
Source: Bank Data. (*) Includes loan data from 6/29/2020 to 12/31/2020. (**) Includes loan data from 1/1/2023 to 7/10/2023										

The following highlights the innovative and flexible lending disaster relief loan programs offered by the bank.

- **PPP Loans** – In response to the COVID-19 pandemic, the bank participated in the SBA’s PPP, a program designed to help businesses keep their workforce employed during the pandemic.
- **Consumer Special Impact** – In response to the COVID-19 pandemic, the bank created an 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 were able to 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.

Community Development Loans

Northwest is a leader in making community development loans. Examiners based this conclusion primarily on the bank’s performance within its PA rated area, which received the greatest weight in the overall rating. Northwest’s community development lending performance varied throughout the rated areas, with the PA rated area accounting for a majority of the bank’s community development loans, followed by the OH rated area (by dollar amount). Overall, Northwest has been responsive to the opportunities for community development lending in its rated areas.

During the evaluation period, the bank originated 234 community development loans totaling \$277.2 million. This level of activity represents 1.9 percent of average total assets and 2.6 percent of average total loans since the previous evaluation. These ratios are comparable to those at the prior evaluation, when community development loans represented 2.0 percent of average total assets and 2.5 percent of average total loans. The dollar volume of community development loans increased since the previous evaluation, when the institution originated 282 such loans totaling \$200.5 million.

The following table illustrates the bank's community development lending activity by rated area and purpose. For additional details on community development loans, please refer to the state rated area and individual assessment area sections.

Community Development Lending by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Pennsylvania	37	23,176	42	23,230	4	27,147	36	26,148	119	99,701
New York	21	14,483	11	10,311	5	26,441	19	6,606	56	57,841
Ohio	14	14,114	8	20,163	2	2,995	9	72,325	33	109,597
Indiana	10	8,732	5	161	0	0	11	1,208	26	10,101
Total	82	60,505	66	53,865	11	56,583	75	106,287	234	277,240

Source: Bank Data

INVESTMENT TEST

The Investment Test performance in the combined assessment area is rated "High Satisfactory." The Investment Test performance in the PA rated area primarily supports this conclusion. The Investment Test performance in the OH and NY rated areas is consistent with overall performance, while the bank's performance in the IN rated area is below overall performance.

Investment and Grant Activity

Northwest has a significant level of qualified community development investment and grants. Northwest made 587 qualified investments totaling approximately \$77.1 million. This total includes new qualified investment totaling \$44.5 million, outstanding qualified investments totaling \$24.1 million, and donations or grants totaling approximately \$3.8 million, and tax credits totaling \$4.7 million. This total equates to 0.5 percent of average total assets (\$14.3 billion) and 3.9 percent of average total securities (\$2.0 billion). During the previous evaluation period investments totaled approximately \$61.3 million, representing 0.6 percent of average total assets and 7.2 percent of average total securities.

Qualified Investments and Donations by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Pennsylvania	32	29,982	274	4,976	40	7,662	24	922	370	43,542
New York	20	14,344	55	3,447	8	59	3	60	86	17,910
Ohio	1	9,915	42	316	1	1,575	0	0	44	11,806
Indiana	15	1,650	60	176	11	1,199	5	23	91	3,048
Regional	0	773	0	0	0	0	0	0	0	773
Total	68	56,664	431	8,915	60	10,495	32	1,005	591	77,079

Source: Bank Data

Prior Period Investments

All of the bank's prior period investments were outstanding mortgage-backed securities (MBSs) that benefit multiple assessment areas in the PA, NY, and OH rated areas or the broader regional area. The bank purchased both single family and multifamily Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), and Federal Home Loan Mortgage Corporation (Freddie Mac) MBSs. All of these securities included mortgages specifically originated to low- or moderate-income borrowers. The bank provided detailed information on the June 30, 2023 book value of these prior period MBSs by rated area, not by individual assessment area. The table above includes the dollar amount totals for MBSs, donations, EITCs, and NAPs. The outstanding MBSs benefitted the rated areas as listed below.

- PA Rated Area - \$13.6 million
- NY Rated Area - \$4.9 million
- OH Rated Area - \$4.9 million
- Regional Area - \$772,558

New Investments

Similarly, the majority of the bank's new qualified investments include MBSs that benefit multiple assessment areas in the PA, NY, OH, and IN rated areas. During the review period, Northwest purchased 13 MBSs. In 2020, the bank purchased three MBSs totaling \$6.3 million. In 2021, the bank purchased one MBS totaling \$2.0 million. In 2023, the bank purchased nine MBSs totaling \$23.2 million. All of these securities included mortgages specifically originated to low- or moderate-income borrowers. For this CRA Performance Evaluation, examiners distributed the dollar amount of the new MBSs between multiple assessment areas as listed below.

- PA Non-MSA - \$808,805
- Pittsburgh, PA MSA - \$8.2 million
- Erie, PA MSA - \$712,323
- Harrisburg-York-Lebanon, PA CSA - \$3.9 million
- State College, PA MSA - \$486,297
- Johnstown, PA MSA - \$395,133
- Lancaster, PA MSA - \$889,081
- Youngstown-Warren, OH-PA MSA - \$328,000
- Buffalo-Cheektowaga, NY MSA - \$5.2 million
- NY Non-MSA - \$268,183
- Rochester, NY MSA - \$3.8 million
- Cleveland-Akron-Canton, OH CSA - \$5.0 million
- IN Non-MSA - \$1.0 million
- South Bend-Elkhart, IN CSA - \$373,738
- Muncie, IN MSA - \$168,810

Northwest also made approximately \$10.0 million in new qualified investments in five Small Business Investment Company (SBIC) programs which benefitted the PA, IN, and OH assessment areas.

Northwest also made in-kind donations totaling \$682,167 that are included in the investment totals. The bank provided origination, purchase, and servicing fee waivers totaling \$272,600 on Habitat for Humanity loans. The bank also provided in-kind donations of \$409,576 that provided community services to low- and moderate-income census tracts and residents within the combined assessment area.

For details and examples of Northwest's prior period 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

Northwest 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. Northwest's investments primarily include MBSS.

SERVICE TEST

The Service Test performance in the combined assessment area is "High Satisfactory". The bank's performance in the PA and NY rated areas support this conclusion. The Service Test performance in the OH and IN rated areas is slightly below overall performance.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the institution's assessment area. Northwest serves the combined assessment area with 142 total branches, including 83 in the PA rated area, 28 in the NY rated area, 11 in the OH rated area and 20 in the IN rated area. Most branch locations also have an ATM or ITM. Northwest operates 185 ATMs in the combined assessment area, including 109 in the PA rated area, 38 in the NY rated area, 16 in the OH rated area, and 22 in the IN rated area. Additionally, the bank operates 16 ITMs in the IN rated area. Customers also have access to more than 55,000 surcharge free ATMs in the Allpoint network, including ATMs at retailers like CVS, Rite Aid, Walgreens, Target, and Wegman's.

Alternative delivery systems include ATMs/ITMs, online, 24/7 automated telephone, text, 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, Northwest offers phone interpretation services through a three-way conversation with a human interpreter. The interpreter facilitates communication between a limited-English proficient

customer and Northwest staff. For additional information on the distribution of branches and ATMs, refer to the individual assessment areas under the Service Test.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

In April 2020, the bank acquired MutualBank and assumed its 36 branches throughout IN. Of the acquired branches, two branches were in low-income census tracts, and 20 branches were in moderate-income census tracts.

The bank has closed 70 full-service branches and two limited service facilities (72 total) since the previous evaluation. The evaluation period includes data from both the 2015 and 2020 Census in which there were bank closures during both time periods. During 2020 and 2021, which used 2010 Census data, the bank closed 42 full service branches. Of these branches, 20 full-service branches were in PA; 5 full-service branches were in NY; 8 full-service branches were in OH; and 11 full-service branches were in IN. During 2022 and 2023, which uses 2020 Census data, the bank closed 28 full branches. Of the closed branches, 17 full-service branches were in PA; 3 full-service branches were in NY; 3 full-service branches were in OH; and 5 full-service branches were in IN. Please refer to the individual assessment areas for additional details.

Net Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)				
			Low	Moderate	Middle	Upper	NA
PA Non MSA	0	14	0	-4	-9	-1	0
Pittsburgh, PA MSA	0	7	0	0	-3	-4	0
Erie, PA MSA	0	3	0	0	-3	0	0
Harrisburg-York-Lebanon, PA CSA	0	3	0	0	-3	0	0
State College, PA MSA	0	1	0	0	0	0	-1
Johnstown, PA MSA	0	2	0	-1	-1	0	0
Lancaster, PA MSA	0	6	0	-1	-5	0	0
Williamsport, PA MSA	0	1	0	0	-1	0	0
Youngstown-Warren, OH-PA, MSA	0	0	0	0	0	0	0
Buffalo-Cheektowaga, NY MSA	0	5	0	0	-2	-2	-1
NY Non-MSA	0	1	0	0	-1	0	0
Rochester, NY MSA	0	2	0	0	-1	-1	0
Cleveland-Akron, OH CSA	0	11	-1	-4	-2	-4	0
IN Non-MSA	0	5	0	0	-4	-1	0
South Bend-Elkhart, IN CSA	0	5	0	-2	-3	0	0
Muncie, IN MSA	0	2	-1	-1	0	0	0
Bloomington, IN MSA	0	1	0	-1	0	0	0
Indianapolis-Carmel-Anderson, IN MSA*	0	3	0	-1	-2	0	0
Total	0	72	-2	-15	-40	-13	-2
<i>*Not in Northwest's current CRA AA</i>							

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. All branch offices offer the same products and services, and generally adhere to the same schedule of hours. Generally, branch locations operate from 9:00 A.M. to 4:00 P.M. Monday through Thursday, with extended hours until 6:00 P.M. each Friday. A majority of the branches offer drive-through services providing extended hours. In addition, 102 branches are open from 9:00 A.M. to 12:00 P.M. on Saturday.

Community Development Services

Northwest is a leader in providing community development services within its combined assessment area. Bank personnel participate in various community development initiatives by providing financial expertise through Board and committee membership.

Northwest continues to partner with EVERFI, an international social impact education innovator, to provide scalable, online financial literacy scholarship programs. In 2021, Northwest was able to provide 9,142 financial education hours to 4,912 students in 71 schools who had the majority of students eligible for free or reduced lunches throughout PA, NY, and OH. The courses are provided at no-cost due to Northwest’s financial investment.

In June of 2021, Northwest entered a partnership with EVERFI in the state of Indiana through their Engage program. The Engage program provides financial education workshops to adult learners throughout the bank’s footprint in the state of Indiana. The financial education workshops cover topics curated by subject matter experts (bank employees) in personal finance, homeownership, and small business. This allows Northwest to impact low- and moderate- income individuals across community service, affordable housing, and economic development.

Through its partnership with EVERFI, Northwest also operates an online platform containing financial literacy content. EVERFI-Achieve is an interactive, mobile-friendly financial education platform that allows the bank to deliver personalized financial education to consumers. The platform offers a curated collection of digital education modules covering critical concepts like loans, mortgages, building credit, and savings delivered through a customized landing page unique to the bank. The platform provides contains modules covering concepts such as loans, mortgages, building credit and savings and is delivered through a customized lending page unique to the bank.

During the height of the COVID-19 pandemic, bank employees used EVERFI-Achieve to remotely assist and communicate with customers. The following table details the volume of users and courses completed during the evaluation period.

EVERFI-Achieve Financial Education Services			
Year	# of Users	# of Courses	Avg. Time in Course
7/2020 – 12/2020	25,324	16,873	15m 13s
2021	24,213	5,306	12m 53s
2022	1,774	1,382	17m 3s
2023	703	749	8m 59s
Total	52,014	24,310	
<i>Source Bank Data. EVERFI service hours are not included in the Community Development Service totals below.</i>			

Bank officers and employees provided 31,927 hours of community development service hours to approximately 221 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	581	14,971	3,347	1,897	20,796
New York	639	5,621	111	56	6,427
Ohio	0	1,487	0	0	1,487
Indiana	275	2,858	84	0	3,217
Total	1,495	24,937	3,542	1,953	31,927
<i>Source: Bank Data</i>					

Other Community Development Services

- Northwest 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 July 10, 2023, Northwest maintained 492 Second Chance checking accounts with total balances of \$505,000.
- Northwest 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 July 10, 2023, Northwest maintained 685 IOLTAs totaling \$103.0 million.
- Northwest maintains 14 Family Savings Accounts as of March 31, 2023. 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. As of July 10, 2023 Northwest maintains 16 Family Savings Accounts with combined balances totaling \$16,000.
- 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 in all branches.
- Northwest 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.

- Northwest 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.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

PENNSYLVANIA

CRA RATING FOR PENNSYLVANIA: 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 PENNSYLVANIA

The evaluation for the State of PA considered the bank's operations in the following nine assessment areas: PA Non-MSA; Pittsburgh, PA MSA; Erie, PA MSA; Harrisburg-York-Lebanon, PA CSA; State College, PA MSA; Johnstown, PA MSA; Lancaster, PA MSA; Williamsport, PA MSA, and Youngstown-Warren, OH-PA MSA. Collectively, examiners refer to these nine assessment areas as the PA rated area. The bank operates 77 full service branch offices within PA. The bank's operations in the PA rated area represent 63.4 percent of total in-assessment area lending (by number), 57.0 percent of total deposits, and 57.5 percent of total full service branches.

Refer to the separate sections of this evaluation under Pennsylvania for a detailed description of each assessment area.

SCOPE OF EVALUATION – PENNSYLVANIA

This portion of the evaluation considers activity within the PA rated area. Please refer to the overall Scope of Evaluation section for information on products and timeframe reviewed. Of the nine assessment areas within the PA rated area, the bank's performance in the PA Non-MSA assessment area carried the most weight in determining the state's rating and conclusions, as this assessment area accounts for the largest portion of the bank's lending, deposits, and branches within PA. Examiners used full-scope examination procedures to assess the bank's performance in the following PA rated assessment areas: PA Non-MSA; Pittsburgh, PA MSA; Erie, PA MSA; Harrisburg-York-Lebanon, PA CSA; and State College, PA MSA. Examiners then used limited scope examination procedures to assess the bank's performance in the following PA rated assessment areas: Johnstown, PA MSA; Lancaster, PA MSA; Williamsport, PA MSA; and Youngstown-Warren, OH-PA MSA. Examiners selected the full-scope areas based upon the volume of lending, deposits, and branches, along with consideration of which areas received limited scope examination procedures at prior evaluations.

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 and Erie, PA assessment areas. The bank's performance in the remaining PA assessment areas is below the overall rating.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Examiners considered the institution's size, loan portfolio composition, and competition level. Northwest's excellent lending performance in the PA Non-MSA; Pittsburgh, PA MSA; Erie, PA MSA; and State College, PA MSA assessment areas supports this conclusion. The bank's lending activity in the remaining PA assessment areas is below the PA rated area.

Home Mortgage Loans

Within the PA rated area, the bank originated or purchased 6,448 home mortgage loans totaling \$1.0 billion in 2020; 5,946 home mortgage loans totaling \$982.1 million in 2021; and 4,377 home mortgage loans totaling \$772.5 million in 2022. This volume exceeds the volume of home mortgage loans the bank made during the prior review period. During the prior review period, the bank made 9,410 home mortgage loans totaling \$1.2 billion in 2018 and 2019, collectively, within the PA rated area. During the review period, the bank made 65.7 percent of its in-assessment area home mortgage loans (by count) in the PA rated area.

Small Business Loans

Within the PA rated area, the bank originated 3,091 small business loans totaling \$266.6 million in 2020; 2,245 small business loans totaling \$171.8 million in 2021; and 801 small business loans totaling \$86.2 million in 2022. This volume is significantly higher than the volume of small business loans the bank made during the prior review period. During that review period, the bank originated 1,233 small business loans totaling \$202.2 million in 2018 and 2019, collectively, within the PA rated area. The bank's participation in SBA's PPP primarily contributed to the increase in small business lending during this review period. In 2020, the bank originated 2,052 PPP loans totaling \$156.1 million that were included as small business loans in the PA rated area. In 2021, the bank originated 1,293 PPP loans totaling \$72.6 million that were also included as small business loans in the PA rated area.

Refer to the Lending Activity criterion under each assessment area for additional information.

Geographic Distribution

The geographic distribution of loans reflects good penetration within the PA rated area. Northwest's good performance of home mortgage lending in the PA Non-MSA, Erie, PA MSA, and State College, PA MSA assessment areas primarily supports this conclusion. The bank's performance in the remaining PA assessment areas is below the performance in the PA rated area.

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size within the PA rated area. Northwest's excellent performance of home mortgage lending in the PA Non-MSA assessment area primarily supports this conclusion. The bank's performance in the remaining PA assessment areas is below the performance in the PA rated area.

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout each assessment area. The Neighborhood LIFT and First Front Door loan programs are specific to PA.

Community Development Loans

Northwest is a leader in making community development loans in the PA rated area. The performance under the Community Development Loans criterion substantially differed for the assessment areas within the PA rated area, as the bank's branch network and community development opportunities varied within the assessment areas.

During the evaluation period, the bank originated 119 loans for \$99.7 million in the PA rated area. This dollar volume level of activity is an increase in dollar volume from the prior evaluation, which reported 173 loans totaling \$86.0 million. A majority of the community development loans (by dollar amount) supported economic development followed by revitalize or stabilize low- and moderate-income census tracts, supporting community development services, and affordable housing.

The bank also compares favorably to similarly situated institutions, including those with comparable asset size and assessment area delineations. Examiners noted a comparable bank that made 127 community development loans totaling \$79.7 million in the PA rated area. Examiners considered the bank to be a leader in making community development loans.

The following table illustrates the community development lending activity by PA assessment area and purpose.

Community Development Lending Pennsylvania State Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
PA Non-MSA	10	9,674	12	6,835	2	11,247	20	17,631	44	45,387
Pittsburgh, PA MSA	9	4,661	17	4,121	0	0	4	7,988	30	16,770
Erie, PA MSA	12	6,965	7	4,169	0	0	8	254	27	11,388
Harrisburg-York-Lebanon, PA CSA	2	590	1	40	0	0	1	20	4	650
State College, PA MSA	3	1,000	2	2,865	0	0	1	57	6	3,922
Johnstown, PA MSA	0	0	0	0	0	0	0	0	0	0
Lancaster, PA MSA	1	286	2	2,200	0	0	2	198	5	2,684
Williamsport, PA MSA	0	0	0	0	0	0	0	0	0	0
Youngstown-Warren-Boardman, OH-PA MSA	0	0	0	0	0	0	0	0	0	0
PA Statewide	0	0	1	3,000	2	15,900	0	0	3	18,900
Total	37	23,176	42	23,230	4	27,147	36	26,148	119	99,701
<i>Source: Bank Data</i>										

For additional details on community development loans, please refer to the individual assessment area sections.

INVESTMENT TEST

Northwest's Investment Test rating is "High Satisfactory" in the PA rated area. The bank's good performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion. Examiners gave most weight to the bank's performance in the PA Non-MSA assessment area. The bank's performance in the other full-scope assessment areas (Pittsburgh, PA MSA, Erie, PA MSA, Harrisburg-York-Lebanon, PA CSA and State College, PA MSA) is consistent with its performance in the PA rated area. The bank's performance in the limited-scope assessment areas is below its performance in the PA rated area. The bank made no qualified investments or grants within the Johnstown, PA MSA or Williamsport, PA MSA.

Investment and Grant Activity

Northwest has a significant level of qualified community development investments and donations in the PA rated area. Northwest made qualified investments and donations totaling \$43.5 million. By dollar volume, this level represents 56.4 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the PA rated area is above that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$39.7 million within the PA rated area. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments Pennsylvania State Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
PA Non-MSA	13	1,122	109	2,186	9	92	12	438	143	3,838
Pittsburgh, PA MSA	5	8,532	47	753	10	1,963	6	280	68	11,528
Erie, PA MSA	5	730	65	1,081	7	2,522	4	150	81	4,483
Harrisburg-York-Lebanon, PA CSA	4	3,912	15	83	6	27	1	50	26	4,072
State College, PA MSA	2	501	7	131	0	0	0	0	9	632
Johnstown, PA MSA	0	395	7	77	5	136	1	4	13	612
Lancaster, PA MSA	2	897	24	665	2	2	0	0	28	1,564
Williamsport, PA MSA	1	2	0	0	0	0	0	0	1	2
Youngstown-Warren-Boardman, OH-PA MSA	--	328	0	0	0	0	0	0	0	328
Prior Period Statewide/Regional	--	13,563	0	0	0	0	0	0	--	13,563
New Statewide/Regional	0	0	0	0	1	2,920	0	0	1	2,920
Total	32	29,982	274	4,976	40	7,662	24	922	370	43,542
Source: Bank Data -- data unknown										

Prior Period Investments

Northwest maintained various MBSs totaling \$13.6 million that benefitted low- and moderate-income families within the PA rated area.

New Investments

Specific to the PA rated area, Northwest made \$2.4 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 a public elementary or secondary school ranking in the bottom 15 percent of elementary or secondary school based upon combined math and reading Pennsylvania System of School Assessment (PSSA) scores.

During the review period, Northwest made three new investments totaling \$7.3 million in SBICs that benefitted the PA assessment areas and broader statewide or regional area.

Additionally, Northwest made \$2.3 million of qualifying contributions to businesses through the NAP. The NAP is a tax credit program that incentivizes 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. Through this program, the bank indirectly invested in projects that provide community services targeted to low- and moderate-income individuals and that revitalize/stabilize a low- or moderate-income area.

Responsiveness to Credit and Community Development Needs

Northwest 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 dollar amount, to affordable housing.

Community Development Initiatives

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

SERVICE TEST

The bank's Service Test performance in PA is rated "High Satisfactory." This rating is driven primarily by performance in the PA Non-MSA assessment area. The bank's performance in the Johnstown, PA MSA is consistent the overall rating, while the bank's performance in the Pittsburgh, PA MSA and Erie, PA MSA assessment areas is above the overall rating. The bank's performance in the remaining PA assessment areas are below the overall rating.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the institution's PA rated area. Northwest serves the PA rated area with 77 full-service branches, including 27 in the PA Non-MSA assessment area; 18 in the Pittsburgh, PA MSA assessment area; 12 in the Erie, PA MSA assessment area; 5 in the Harrisburg-York-Lebanon, PA CSA assessment area; 4 in the State College, PA MSA assessment area; 2 in the Johnstown, PA MSA; 8 in the Lancaster, PA MSA assessment area; and 1 in the Youngstown-Warren-Boardman, OH-PA MSA assessment area. The branch distribution and alternative delivery systems for the PA rated area are consistent with the institution overall. For additional information on the distribution of branches and ATMs, refer to the individual assessment areas under the Service Test.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has 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 evaluation period the bank closed 37 branches (36 full service and 1 limited service) in PA: 6 in moderate-income census tracts, 25 in middle-income census tracts, 5 in upper-income census tracts, and 1 in a census tract with no income designation. Additional details are contained within the sections for the individual assessment areas.

Net Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)				
			Low	Moderate	Middle	Upper	NA
PA Non MSA	0	14	0	-4	-9	-1	0
Pittsburgh, PA MSA	0	7	0	0	-3	-4	0
Erie, PA MSA	0	3	0	0	-3	0	0
Harrisburg-York-Lebanon, PA CSA	0	3	0	0	-3	0	0
State College, PA MSA	0	1	0	0	0	0	-1
Johnstown, PA MSA	0	2	0	-1	-1	0	0
Lancaster, PA MSA	0	6	0	-1	-5	0	0
Williamsport, PA MSA	0	1	0	0	-1	0	0
Youngstown-Warren, OH-PA, MSA	0	0	0	0	0	0	0
Total	0	37	0	-6	-25	-5	-1

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the PA rated area are consistent with the institution overall.

Community Development Services

Northwest is a leader in providing community development services within its PA assessment areas. As previously mentioned, Northwest partnered with EVERFI to provide financial education programs for students within the PA assessment areas. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided 20,796 community development service hours to approximately 155 community development organizations in the bank's PA assessment areas during the review period. The bank's community development services decreased slightly from the prior evaluation period which it provided 25,718 community development service hours within its PA assessment areas. 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 Pennsylvania State Rated Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
PA Non-MSA	136	4,285	816	877	6,114
Pittsburgh, PA MSA	90	3,117	6	81	3,294
Erie, PA MSA	262	4,875	2,525	154	7,816
Harrisburg-York-Lebanon, PA CSA	85	498	0	20	603
State College, PA MSA	8	1,286	0	0	1,294
Johnstown, PA MSA	0	587	0	765	1,352
Lancaster, PA MSA	0	170	0	0	170
Williamsport, PA MSA	0	50	0	0	50
Youngstown-Warren-Boardman, OH-PA MSA	0	103	0	0	103
Total	581	14,971	3,347	1,897	20,796
<i>Source: Bank Data</i>					

PA NON-MSA ASSESSMENT AREA – Full-Scope Review

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

The PA Non-MSA assessment area includes Cameron, Clarion, Clearfield, Clinton, Crawford, Elk, Forest, Huntingdon, Indiana, Jefferson, Juniata, Lawrence, McKean, Mifflin, Potter, Somerset, Tioga, Venango, and Warren Counties. These counties are not located in an MSA. Except for expanding the assessment area to include all of Somerset County, there have been no changes to this assessment area since the previous CRA evaluation. The bank operates 27 full service branch offices within this assessment area. The bank’s operations in the assessment area represent 18.0 percent of total in-assessment area lending (by number), 23.8 percent of total deposits, and 20.1 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 246 census tracts reflecting the following income designations according to the 2015 ACS:

- 6 low-income census tracts,
- 20 moderate-income census tracts,
- 207 middle-income census tracts,
- 12 upper-income census tracts, and
- 1 census tract with no income designation.

The United States (U.S.) Census Bureau’s 2020 Census updated demographic data, which went into effect in 2022. The 2020 Census data changed the number and income level of select tracts within

the assessment area. For 2022, the same assessment area included 259 census tracts reflecting the following income designations according to the 2020 Census data:

- 5 low-income census tracts,
- 33 moderate-income census tracts,
- 196 middle-income census tracts,
- 22 upper-income census tracts, and
- 3 census tracts with no income designation.

Examiners used 2015 ACS data to evaluate the bank's 2020 and 2021 performance and the 2020 U.S. Census data to evaluate the bank's 2022 performance.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the PA Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	259	1.9	12.7	75.7	8.5	1.2
Population by Geography	870,296	0.9	10.7	77.7	9.5	1.2
Housing Units by Geography	459,875	0.9	11.4	78.3	9.0	0.3
Owner-Occupied Units by Geography	268,478	0.4	8.6	81.0	9.9	0.0
Occupied Rental Units by Geography	91,728	2.7	17.5	70.0	8.7	1.1
Vacant Units by Geography	99,669	0.6	13.3	78.7	7.0	0.4
Businesses by Geography	69,343	1.8	12.2	75.2	10.1	0.6
Farms by Geography	3,585	0.3	5.2	85.7	8.8	0.0
Family Distribution by Income Level	234,345	19.5	19.5	22.4	38.6	0.0
Household Distribution by Income Level	360,206	23.9	17.0	18.5	40.6	0.0
Median Family Income Non-MSAs - PA		\$65,202	Median Housing Value			\$115,800
Families Below Poverty Level		8.8%	Median Gross Rent			\$684
Source: 2020 U.S. Census and 2022 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.						

There are 459,875 housing units in the assessment area. Of these units, 58.4 percent are owner-occupied, 20.0 percent are rental occupied, and 21.6 percent are vacant. The geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As reflected in the table above, only 0.4 percent and 8.6 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in such census tracts in the assessment area.

Examiners used 2020, 2021, and 2022 FFIEC-updated median family income (MFI) data to analyze home mortgage loans under the borrower profile criterion. The following table shows MFI ranges for the PA Non-MSA assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
PA Non-MSA Median Family Income (99999)				
2020 (\$64,900)	<\$32,450	\$32,450 to <\$51,920	\$51,920 to <\$77,880	≥\$77,880
2021 (\$65,100)	<\$32,550	\$32,550 to <\$52,080	\$52,080 to <\$78,120	≥\$78,120
2022 (\$72,900)	<\$36,450	\$36,450 to <\$58,320	\$58,320 to <\$87,480	≥\$87,480
<i>Source: FFIEC</i>				

The analysis of small business loans under the borrower profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. According to 2022 D&B data, there were 69,343 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 84.7 percent had GARs of \$1.0 million or less;
- 4.2 percent had GARs of more than \$1.0 million; and
- 11.1 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 35.9 percent, followed by non-classifiable establishments (15.9 percent), retail trade (12.8 percent), and finance, insurance, and real estate (7.5 percent). Most businesses have four or fewer employees (65.3 percent) and operate at a single location (89.7 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

During the evaluation period, the unemployment rates within the PA Non-MSA assessment area varied from a high of 26.7 percent in Cameron County (April 2020) to a low of 3.1 percent in Elk County (April 2023). For every county within the PA Non-MSA assessment area, unemployment rates peaked in April 2020. With the exception of Cameron County (September 2022), all other counties reached their lowest levels in April or May of 2023. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. For the majority of the review period, unemployment rates generally trended downward. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates				
Area	2020	2021	2022	May 2023
	%	%	%	%
Cameron County, PA	9.4	5.3	6.2	4.5
Clarion County, PA	8.0	4.6	4.9	4.3
Clearfield County, PA	8.5	4.8	5.4	3.9
Clinton County, PA	8.6	4.9	5.2	3.9
Crawford County, PA	8.4	4.2	4.5	3.5
Elk County, PA	8.7	4.4	4.2	3.5
Forest County, PA	10.1	5.9	7.0	5.0
Huntingdon County, PA	10.0	5.1	6.1	3.9
Indiana County, PA	8.2	4.5	4.8	4.1
Jefferson County, PA	8.1	4.3	4.8	3.6
Juniata County, PA	6.8	3.5	4.6	3.3
Lawrence County, PA	9.8	5.0	5.3	4.0
McKean County, PA	8.6	4.7	5.3	4.4
Mifflin County, PA	8.7	4.2	4.6	3.5
Potter County, PA	8.7	4.9	6.1	4.5
Somerset County, PA	8.8	4.8	5.4	3.9
Tioga County, PA	8.4	4.4	4.7	3.7
Venango County, PA	8.6	4.4	5.0	4.7
Warren County, PA	7.8	4.3	5.1	3.7
Pennsylvania	7.7	4.6	4.3	4.0
National Average	6.7	3.9	3.5	3.6
Source: Bureau of Labor Statistics (Year End).				

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 39 financial institutions operated 286 full-service offices in the assessment area. Of these institutions, Northwest ranked 1st with a 14.3 percent deposit market share. The 2nd and 3rd ranked institutions based on deposit market share were S&T Bank (11.6 percent) and First National Bank of Pennsylvania (9.0 percent).

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 468 lenders originated or purchased 24,455 home mortgage loans. Of these lenders, Northwest ranked 2nd by number of originations and purchases capturing 6.3 percent of total market share. The 1st and 3rd ranked mortgage lenders in the assessment area included Rocket Mortgage (9.0 percent) and First Commonwealth Bank (6.3 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 120 lenders originated or purchased

14,669 small business loans. Of these lenders, Northwest ranked 6th by number of originations and purchases capturing 6.2 percent of total market share. The top three small business lenders in the assessment area included American Express National Bank (11.6 percent), Synchrony Bank (7.8 percent), and JPMorgan Chase Bank, National Association (N.A.) (6.9 percent).

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 conducted a community contact with a representative of a community action agency, which serves Warren and Forest County. The contact indicated a substantial need for affordable housing, flexible lending programs tailored to no-credit and low-credit score customers, as well as additional financial literacy outreach to the low- and moderate-income community. The contact indicated the rising home values coupled with rising interest rates has been detrimental to the low- and moderate-income community. Additionally, the contact indicated the city of Warren, PA has seen stagnation with small businesses as the overall population has been decreasing as well as nearly 25 percent of the population is above the age of 65.

Additionally, examiners reviewed a community contact of an economic and community development organization that promotes business expansion through regional partnerships in the southern Alleghenies (Somerset and Huntingdon Counties). This organization focuses on community, economic, and workforce development. In addition, this organization maintains the goals of enhancing the quality of life and sustainability in southern PA. The contact noted that the local economy is slowly recovering from the COVID pandemic and related issues, but is experiencing the same issues as other areas of the country, such as a lack of workforce. The agricultural sector seems to be doing better than others while the service and retail sectors are suffering from a lack of workers. Finally, the contact praised financial institutions for their involvement and responsiveness to credit and community needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans and small business loans represent the primary credit needs for the PA Non-MSA assessment area. Affordable housing is a critical community development need throughout this assessment area, with the demand for affordable housing outweighing the current supply. Small business loans, particularly for start-up and working capital, are in high demand. The high percentage of businesses with GARs of \$1.0 million or less, operate out of a single location, and maintain a workforce of four or fewer employees illustrates the opportunities for small business lending.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PA NON-MSA ASSESSMENT AREA

LENDING TEST

Northwest demonstrated excellent performance under the Lending Test. The Borrower Profile and community development lending criterion performance supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the PA Non-MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 1,787 home mortgage loans totaling \$180.3 million in 2020; 1,544 loans totaling \$166.5 million in 2021; and 1,169 loans totaling \$112.1 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Norwest Bank captured 6.3 percent of total market share by number of loans, ranking 2nd among 468 lenders that made 24,455 loans in the assessment area. Other top ranked lenders included a mortgage corporation and large community banks.

Small Business Loans

Northwest originated 1,147 small business loans totaling \$91.5 million in 2020; 902 loans totaling \$67.0 million in 2021; and 345 loans totaling \$35.7 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest captured 6.2 percent of total market share by number of loans, ranking 6th among 120 small business loan reporters that made 14,669 loans in the assessment area. The top ranked lenders included business credit card lenders and large national banks.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts was similar to 2020 and 2021 aggregate and demographic data. In 2022, Northwest did not originate any loans in low-income census tracts. The opportunity to lend in low-income census tracts is very limited as only 0.8 percent, 0.8 percent, and 0.4 percent of owner-occupied housing units are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts exceeded 2020 and 2021 aggregate data. The bank's performance in 2022 in moderate-income census tracts improved and exceeded demographic data.

Market share data further supports the bank's good performance. Of the 468 HMDA reporters that made loans in the assessment area in 2021, only 48 made loans in a low-income census tract. Northwest ranked 3rd in lending in low-income census tracts with a 7.1 percent market share. The top two lenders in such tracts were CNB Bank and The ONE Federal Credit Union. Furthermore, 206 HMDA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 4th in lending in moderate-income census tracts with a 4.6 percent market share. The top three lenders were Rocket Mortgage, Ruoff Mortgage Company, and First Commonwealth Bank. The further supports the bank's good performance.

Geographic Distribution of Home Mortgage Loans PA Non-MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.8	0.4	9	0.5	598	0.3
2021	0.8	0.5	9	0.6	1,126	0.7
2022	0.4	--	0	0.0	0	0.0
Moderate						
2020	4.7	3.5	68	3.8	4,670	2.6
2021	4.7	3.9	69	4.5	4,788	2.9
2022	8.6	--	123	10.5	9,021	8.0
Middle						
2020	89.2	89.0	1,609	90.0	164,247	91.1
2021	89.2	88.4	1,363	88.3	149,311	89.7
2022	81.0	--	943	80.7	90,837	81.0
Upper						
2020	5.3	7.2	101	5.7	10,788	6.0
2021	5.3	7.1	103	6.7	11,310	6.8
2022	9.9	--	101	8.6	11,629	10.4
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	--	2	0.2	599	0.5
Totals						
2020	100.0	100.0	1,787	100.0	180,303	100.0
2021	100.0	100.0	1,544	100.0	166,536	100.0
2022	100.00	--	1,169	100.0	112,087	100.0
Source: 2015 ACS, 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts exceeded 2020 and 2021 aggregate and demographic data. In 2022, Northwest did not originate any loans in low-income census tracts. The opportunity to lend in low-income census tracts is very limited as only 3.5 percent, 3.5 percent, and 1.8 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts exceeded 2020 aggregate data and was similar to 2021 aggregate data. The bank's performance in 2022 in moderate-income census tracts increased and slightly exceeded demographic data.

Market share data further supports the bank's good performance. Of the 120 CRA reporters that made loans in the assessment area in 2021, only 39 made loans in a low-income census tract. Northwest ranked 3rd in lending in low-income census tracts with a 9.9 percent market share. The top two lenders in such tracts were American Express National Bank and First National Bank of PA. Furthermore, 52 CRA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 7th in lending in moderate-income census tracts with a 5.6 percent market share. The top three lenders were American Express National Bank, First National Bank of PA, and Capital One Bank, N.A.

Geographic Distribution of Small Business Loans PA Non-MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	3.5	3.4	72	6.3	5,232	5.7
2021	3.5	2.9	42	4.7	1,967	2.9
2022	1.8	--	0	0.0	0	0.0
Moderate						
2020	6.0	5.0	71	6.2	4,258	4.7
2021	6.0	4.6	37	4.1	1,547	2.3
2022	12.2	--	45	13.0	4,026	11.3
Middle						
2020	84.1	85.0	964	84.0	78,390	85.7
2021	84.1	86.1	778	86.3	61,219	91.4
2022	75.2	--	293	84.9	30,970	86.8
Upper						
2020	6.1	6.5	40	3.5	3,636	4.0
2021	6.2	6.4	45	5.0	2,231	3.3
2022	10.1	--	7	2.0	694	1.9
Not Available						
2020	0.2	0.1	0	0.0	0	0.0
2021	0.2	0.1	0	0.0	0	0.0
2022	0.6	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	1,147	100.0	91,516	100.0
2021	100.0	100.0	902	100.0	66,964	100.0
2022	100.0	--	345	100.0	35,690	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size. Northwest's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of home mortgage lending to low-income borrowers exceeded 2020 and 2021 aggregate data and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$115,800. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of home mortgage lending to moderate-income borrowers exceeded 2020 and 2021 aggregate data and exceeded demographic data throughout the review period.

Market share data further supports the bank's excellent performance. Of the 468 HMDA reporters that made loans in the assessment area in 2021, 166 made loans to a low-income borrower. Northwest ranked 2nd in lending to low-income borrowers with an 8.8 percent market share. The top lender in such tracts was Rocket Mortgage. Furthermore, 240 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 2nd in lending to moderate-income borrowers with a 7.7 percent market share. The top lender was also Rocket Mortgage.

Distribution of Home Mortgage Loans by Borrower Income Level PA Non-MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	19.7	7.1	158	8.8	7,850	4.4
2021	19.7	7.2	155	10.0	9,315	5.6
2022	19.5	--	150	12.8	7,995	7.1
Moderate						
2020	19.1	18.3	365	20.4	27,215	15.1
2021	19.1	19.2	360	23.3	29,737	17.9
2022	19.5	--	303	25.9	22,489	20.1
Middle						
2020	22.7	22.6	478	26.7	43,780	24.3
2021	22.7	22.2	371	24.0	37,447	22.5
2022	22.4	--	295	25.2	26,831	23.9
Upper						
2020	38.5	38.8	657	36.8	86,425	47.9
2021	38.5	37.7	543	35.2	73,106	43.9
2022	38.6	--	339	29.0	43,849	39.1
Not Available						
2020	0.0	13.2	129	7.2	15,033	8.3
2021	0.0	13.6	115	7.4	16,931	10.2
2022	0.0	--	82	7.0	10,923	9.7
Totals						
2020	100.0	100.0	1,787	100.0	180,303	100.0
2021	100.0	100.0	1,544	100.0	166,536	100.0
2022	100.0	--	1,169	100.0	112,087	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high. This is primarily due to the bank originating PPP loans, as the collection of GAR information is not required on these loans. The 2020 and 2021 aggregate data also includes PPP loans where the collection of GAR information was not required.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 42.9 percent and 67.6 percent of these loans to businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is good.

Market share data further supports the bank's good performance. Of the 120 CRA reporters that made loans in the assessment area in 2021, 65 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 11th in lending to businesses with GAR of \$1.0 million or less with a 3.8 percent market share. The top three lenders to businesses with GAR of \$1.0 million or less were Synchrony Bank, First National Bank of PA, and CNB Bank.

Distribution of Small Business Loans by Gross Annual Revenue Category						
PA Non-MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.1	36.6	165	14.4	16,769	18.3
2021	83.0	50.7	278	30.8	23,665	35.3
2022	84.7	--	257	74.5	18,079	50.7
>\$1,000,000						
2020	5.2	--	65	5.7	10,117	11.1
2021	4.8	--	78	8.6	12,254	18.3
2022	4.2	--	86	24.9	17,061	47.8
Revenue Not Available						
2020	12.7	--	917	79.9	64,630	70.6
2021	12.1	--	546	60.5	31,045	46.4
2022	11.1	--	11.1	2	0.6	550
Totals						
2020	100.0	100.0	1,147	100.0	91,516	100.0
2021	100.0	100.0	902	100.0	66,964	100.0
2022	100.0	--	345	100.0	35,690	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area.

Community Development Loans

Northwest is a leader of making community development loans. The dollar volume of community development loans has increased since the previous evaluation. Specifically, Northwest’s prior evaluation included 59 community development loans totaling approximately \$36.2 million compared to the current evaluation, the bank originated 44 community development loans totaling \$45.4 million.

The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending PA Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	5	673	0	0	2	9,048	7	9,721
2021	6	902	4	4,896	1	40	17	6,083	28	11,921
2022	2	378	3	1,266	0	0	1	2,500	6	4,144
1/1/2023 – 7/10/2023	2	8,394	0	0	1	11,207	0	0	3	19,601
Total	10	9,674	12	6,835	2	11,247	20	17,631	44	45,387
<i>Source: Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2021, Northwest originated 14 PPP loans totaling nearly \$1.1 million to non-profit organizations located in low- or moderate-income census tracts and to designated distressed or underserved nonmetropolitan middle-income census tracts. The bank originated one additional PPP loan for \$1.4 million to a business located in a designated distressed or underserved nonmetropolitan middle-income census tract. These loans revitalize or stabilize such census tracts by supporting non-profits and businesses struggling during the COVID-19 pandemic.
- During the review period, Northwest originated seven multifamily loans totaling \$1.3 million that supported affordable housing within the PA Non-MSA assessment area. Each loan purchased, refinanced, or improved a multifamily dwelling with a majority of units with rents less than HUD fair market rent for the county.
- Between 2020 and 2022, Northwest originated four loans totaling \$663,000 to a community college serving nine counties across the norther PA-Non MSA region, including four distressed and/or underserved counties, two of which are remote/rural. The college has a majority student population that are either low- or moderate-income. The college eliminates traditional barriers to higher education, adopting instead a guaranteed admission program for all high school diploma or equivalent holders, and provides classroom instruction virtually or at community centers and libraries. The college also offers 11 workforce development programs, collaborating with local industries to assure employment post-completion of each program.

- In 2023, Northwest extended two loans for a total of \$8.4 million towards an affordable housing initiative in the Bradford, PA area. The borrower is a local housing authority rehabilitating and modernizing 72 units between two projects. These projects are in accordance with the U.S. Department of Housing and Community Development Rental Assistance Demonstration fund. Furthermore, as a public housing initiative, the project expects to construct an adjacent community center for residents to have social space and enhance quality of life. The Bradford municipality will receive upgraded sewer and water transit system accompanying the project funding, giving those residents on the tertiary line the extended benefit.

INVESTMENT TEST

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

Investment and Grant Activity

Northwest has a good level of qualified community development investments and donations. During the evaluation period, Northwest purchased equity investments totaling \$808,805 that benefitted low- and moderate-income families within the PA Non-MSA assessment area, made qualifying contributions totaling \$1.5 million through the EITCs programs and NAPs, and made 124 qualified donations totaling \$1.5 million. By dollar volume, this level represents 5.0 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the PA Non-MSA assessment area is below that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$8.8 million within the PA Non-MSA assessment area. Some of the decrease can be attributed to prior period equity investments that the bank submitted for consideration at the PA rated level at the current evaluation. At the prior evaluation, examiners allocated prior period equity investments to individual assessment areas rather than at the state level. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments PA Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	4	809	0	0	0	0	0	0	4	809
Subtotal	4	809	0	0	0	0	0	0	4	809
Donations & Grants	6	28	103	1,411	9	92	6	8	124	1,539
EITCs & NAPs	3	285	6	775	0	0	6	430	15	1,490
Subtotal	13	313	109	2,186	9	92	12	438	139	3,029
Total	13	1,122	109	2,186	9	92	12	438	143	3,838
<i>Source: Bank Data. "--" data not available</i>										

New Investments

During the review period, Northwest purchased four GNMA and Freddie Mac MBSs with \$808,805 benefitting low- and moderate-income families within the PA Non-MSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- During the evaluation period, the bank donated \$190,050 to the YMCA of Warren County to fund free programs for low- and moderate-income families. Families wanting to participate in the free programs must complete an application and provide proof of income to qualify. These donations support community development services in the assessment area.
- During the evaluation period, the bank donated \$101,950 to a non-profit organization that provides services targeted to low- and moderate-income individuals via multiple programs such as the Volunteer Income Tax Assistance Program (VITA) program, free lunch programs, emergency shelter and food, free transportation for the elderly, payment assistance. These donations support community development services in the assessment area.
- During the evaluation period, the bank donated \$80,000 to an organization that provides a comprehensive spectrum of behavioral health, intellectual disability, and prevention services targeted toward low- and moderate-income households with over 60.0 percent of the total revenues coming from Medicaid. These donations support community development services in the assessment area.

EITCs and NAPs

During the review period, Northwest purchased nine NAPs totaling \$715,000 and made qualified contributions totaling \$775,000 through the EITC program that benefitted the PA Non-MSA assessment area.

Responsiveness to Credit and Community Development Needs

Northwest exhibits good responsiveness to credit and community economic development needs throughout its PA Non-MSA assessment area. Management directed the majority of the assessment area's investments and grants (by dollar amount) to supporting community development services.

Community Development Initiatives

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

SERVICE TEST

Northwest demonstrated good performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion; however, the bank's branch closure activity impacted the overall Service Test rating.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the institution's assessment area. As shown in the following table, the bank's branches and ATM distribution is slightly above the census tract and population distribution within low-income census tracts. The bank's branch and ATM distribution is significantly above the census tract and population distribution within moderate-income census tracts. The branch distribution and alternative delivery systems for the PA Non-MSA assessment area are consistent with the PA rated area overall.

Branch and ATM Distribution by Geography Income Level PA Non-MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	5	1.9	8,055	0.9	1	3.7	1	2.0
Moderate	33	12.7	93,079	10.7	7	25.9	15	30.0
Middle	196	75.7	676,143	77.7	18	66.7	33	66.0
Upper	22	8.5	82,854	9.5	1	3.7	1	2.0
NA	3	1.2	10,165	1.2	0	0.0	0	0.0
Total	259	100.0	870,296	100.0	27	100.0	50	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has 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 evaluation period, the bank closed 14 branches within the PA Non-MSA assessment area. The closures included 4 branches located in moderate-income census tracts (Marienville, Curwensville, Sheffield, and Bradford, PA), 9 branches in middle-income census tracts, and 1 branch located in upper-income

census tracts. Of the four branches that closed within moderate-income census tracts, the Marienville branch's closest Northwest facility is 24 miles away (drive-through facility) and the closest banking branch is 19 miles away. The Curwensville branch's closest Northwest facility is 5 miles away and the closest banking branch is only 0.2 miles away. The Sheffield branch's closest Northwest facility is 12 miles (drive-through facility and branch) and the closest banking facility is 12 miles away. Lastly, the Bradford branch's closest Northwest facility is only 0.4 miles and the other closest banking facility is 0.4 miles away. The bank did not open any new branches in the PA Non-MSA assessment area.

While two of the closed branches located in moderate-income census tracts had other banking facilities to serve the community, the other two branches (Marienville and Sheffield) that closed in moderate-income census tracts had banking facilities much further away, not necessarily serving those communities.

Net Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Cameron County, PA	0	0	0	0	0	0
Clarion County, PA	0	1	0	0	-1	0
Clearfield County, PA	0	1	0	-1	0	0
Clinton County, PA	0	0	0	0	0	0
Crawford County, PA	0	1	0	0	-1	0
Elk County, PA	0	0	0	0	0	0
Forest County, PA	0	2	0	-1	-1	0
Huntingdon County, PA	0	1	0	0	-1	0
Indiana County, PA	0	0	0	0	0	0
Jefferson County, PA	0	0	0	0	0	0
Juniata County, PA	0	0	0	0	0	0
Lawrence County, PA	0	2	0	0	-1	-1
McKean County, PA	0	1	0	-1	0	0
Mifflin County, PA	0	1	0	0	-1	0
Potter County, PA	0	2	0	0	-2	0
Somerset County, PA	0	0	0	0	0	0
Tioga County, PA	0	0	0	0	0	0
Venango County, PA	0	0	0	0	0	0
Warren County, PA	0	2	0	-1	-1	0
Total	0	14	0	-4	-9	-1

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the PA Non-MSA assessment area are consistent with the PA rated area overall. The majority of branches offer drive-up facilities and extended hours on Friday. In addition, 69 branches are open from 9:00 A.M. to 12:00 P.M. on Saturday.

Community Development Services

Northwest is a leader in providing community development services within its PA Non-MSA assessment area. Northwest also partnered with EVERFI to provide online financial education programs for student within the PA Non-KSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided community development services to approximately 64 schools and community development organization 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 assessment area and purpose.

Community Development Services PA Non-MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	0	278	275	143	696
2021	51	1,085	58	209	1,403
2022	85	2,068	251	365	2,769
1/1/2023 – 7/10/2023	0	854	232	160	1,246
Total	136	4,285	816	877	6,114
<i>Source: Bank Data</i>					

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

- A bank employee serves as on the Board of a local housing development corporation that provides affordable and safe housing to low- and moderate-income residents of McKean County, PA. This service supports affordable housing efforts in the assessment area.
- A bank employee serves as on the Board of a non-profit community service organization that has programs to improve the quality of life for low- and moderate-income children and families. The organization's programs foster care, family based, in home mental health services and adoption support groups. This service supports community development services in the assessment area.
- A bank employee serves as the Treasurer of a non-profit regional development corporation for in Curwensville, PA region dedicated to economic development and revitalization of the region. This achieved through donations, grants, initiatives and projects located in Clearfield County, PA.

PITTSBURGH, PA MSA ASSESSMENT AREA – Full-Scope Review

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

The Pittsburgh, PA MSA assessment area includes Allegheny, Armstrong, Beaver, Butler, Washington, and Westmoreland Counties in the Pittsburgh, PA MSA #38300. The bank operates 18 full service branch offices within this assessment area. The bank’s operations in the assessment area represent 14.3 percent of total in-assessment area lending (by number), 9.2 percent of total deposits, and 13.4 percent of total branches. There have been no changes to this assessment area since the previous CRA evaluation.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 675 census tracts reflecting the following income designations according to the 2015 ACS:

- 58 low-income census tracts,
- 153 moderate-income census tracts,
- 301 middle-income census tracts,
- 148 upper-income census tracts, and
- 15 census tracts with no income designation.

For 2022, the same assessment area included 688 census tracts reflecting the following income designations according to the 2020 Census data:

- 49 low-income census tracts,
- 155 moderate-income census tracts,
- 293 middle-income census tracts,
- 168 upper-income census tracts, and
- 23 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Pittsburgh, PA MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	688	7.1	22.5	42.6	24.4	3.3
Population by Geography	2,242,126	5.0	18.6	43.5	32.0	0.9
Housing Units by Geography	1,065,989	5.8	21.2	44.4	28.0	0.6
Owner-Occupied Units by Geography	667,431	2.6	17.4	47.3	32.6	0.2
Occupied Rental Units by Geography	295,083	11.1	26.8	39.4	21.5	1.3
Vacant Units by Geography	103,475	11.7	30.0	40.1	17.3	0.9
Businesses by Geography	256,431	5.4	15.1	39.0	38.8	1.7
Farms by Geography	5,874	2.2	14.7	52.7	30.0	0.5
Family Distribution by Income Level	571,762	19.5	17.9	21.2	41.3	0.0
Household Distribution by Income Level	962,514	24.4	15.5	17.5	42.5	0.0
Median Family Income - 38300 Pittsburgh, PA MSA		\$82,642	Median Housing Value			\$171,132
Families Below Poverty Level		6.5%	Median Gross Rent			\$889
Source: 2020 U.S. Census and 2022 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.						

There are 1,065,989 housing units in the assessment area. Of these units, 62.6 percent are owner-occupied, 27.7 percent are rental occupied, and 9.7 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 2.6 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 17.4 percent of owner-occupied housing units are in moderate-income census tracts.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

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)				
2020 (\$82,300)	<\$41,150	\$41,150 to <\$65,840	\$65,840 to <\$98,760	≥\$98,760
2021 (\$84,200)	<\$42,100	\$42,100 to <\$67,360	\$67,360 to <\$101,040	≥\$101,040
2022 (\$94,800)	<\$47,400	\$47,400 to <\$75,840	\$75,840 to <\$113,760	≥\$113,760
Source: FFIEC				

According to 2022 D&B data, there were 256,431 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 87.8 percent had GARs of \$1.0 million or less;
- 3.7 percent had GARs of more than \$1.0 million; and

- 8.5 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 38.5 percent, followed by non-classifiable establishments (20.8 percent), retail trade (10.8 percent), and finance, insurance, and real estate (10.6 percent). Most businesses have four or fewer employees (63.0 percent) and operate at a single location (91.3 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

During the evaluation period, the unemployment rates within the Pittsburgh, PA MSA assessment area varied from a high of 17.6 percent in Beaver County (April 2020) to a low of 2.8 percent in Butler County (April 2023). For every county within the Pittsburgh, PA MSA assessment area, unemployment rates peaked in April 2020 and all other counties reached their lowest levels in April 2023. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. For the majority of the review period unemployment rates generally trended downward. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates				
Area	2020	2021	2022	May 2023
	%	%	%	%
Allegheny County, PA	7.9	3.6	3.7	3.5
Armstrong County, PA	9.1	4.7	4.9	3.6
Beaver County, PA	9.1	4.4	5.3	4.2
Butler County, PA	7.0	3.5	3.8	3.2
Washington County, PA	8.5	4.0	4.0	3.5
Westmoreland County, PA	8.1	3.9	4.1	3.5
Pennsylvania	7.7	4.6	4.3	4.0
National Average	6.7	3.9	3.5	3.6
<i>Source: Bureau of Labor Statistics (Year End).</i>				

Competition

The bank's assessment area reflects a highly competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 50 financial institutions operated 697 full-service offices in the assessment area. Of these institutions, Northwest ranked 15th with a 0.5 percent deposit market share. The top three ranked institutions based on deposit market share were PNC Bank, N.A. (43.2 percent), The Bank of New York Mellon, (14.3 percent), and BNY Mellon, N.A. (11.9 percent).

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 667 lenders originated or purchased 106,674 home mortgage loans. Of these lenders, Northwest ranked 20th by number of originations and purchases capturing 1.3 percent of total market share. The top three ranked mortgage lenders in the assessment area were Citizens Bank, N.A. (7.4 percent), PNC Bank, N.A. (6.0 percent), and Rocket Mortgage (5.9 percent).

There is a moderate level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 193 lenders originated or purchased 54,357 small business loans. Of these lenders, Northwest ranked 25th by number of originations and purchases capturing 0.7 percent of total market share. The top three small business lenders in the assessment area were PNC Bank, N.A. (19.0 percent), American Express National Bank (14.3 percent), and JPMorgan Chase Bank, N.A. (7.7 percent).

Community Contact

Examiners reviewed a recently conducted community contact of a nonprofit membership organization of community development corporations, community-based organizations, and community service groups in western Pennsylvania. The contact stated that banks could help with down payments by applying for grants to help lower income and working class families. The contact also explained that the area is still recovering from the impact to COVID-19 and noted the need for financing of small businesses, particularly those with revenues of less than \$500,000. The contact stated that the majority of credit is currently granted to businesses with higher revenues. Additionally, the contact noted that many businesses took on a fair amount of debt due to post COVID economic fallout.

With regard to housing, the contact explained that home ownership is slowing, due to rising interest rates, creating a challenge for affordable and reasonable credit. Currently, the organization is seeing the need for affordable housing, partially due to a failing infrastructure for public services causing a rise in utility costs for both renters and homeowners.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, the bank's strategy, demographic data, and recent economic data, examiners determined that affordable housing loans continue to be a primary credit need for the assessment area. In addition, there continues to be a high percentage of rental properties in the low- and moderate-income census tracts indicating a need to finance or refinance home purchase loans, including multi-family housing, to creditworthy borrowers and investors who provide affordable rental housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PITTSBURGH, PA MSA ASSESSMENT AREA

LENDING TEST

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

Lending Activity

Lending levels reflect excellent responsiveness to the Pittsburgh, PA MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 1,449 home mortgage loans totaling \$290.2 million in 2020; 1,386 loans totaling \$311.7 million in 2021; and 1,087 loans totaling \$303.9 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest captured 1.3 percent of total market share by number of loans, ranking 20th among 667 lenders that made 106,674 loans in the assessment area. The top ranked lenders included large national banks and mortgage corporations.

Small Business Loans

Northwest originated 506 small business loans totaling \$46.7 million in 2020; 386 loans totaling \$30.2 million in 2021; and 128 loans totaling \$14.8 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest captured 0.7 percent of total market share by number of loans, ranking 25th among 193 small business loan reporters that made 54,357 loans in the assessment area. The top ranked lenders included business credit card lenders and large national banks.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's performance in 2020 and 2021 in low-income census tracts was similar to aggregate data and slightly trailed demographic data. The bank's performance in 2022 in low-income census tracts trailed demographic data. The opportunity to lend in low-income census tracts is very limited as only 2.7 percent, 2.7 percent, and 2.6 percent of owner-occupied housing units are in such tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period.

Market share data further supports the bank's adequate performance. Of the 667 HMDA reporters that made loans in the assessment area in 2021, only 167 made loans in a low-income census tract. Northwest ranked 22nd in lending in low-income census tracts with a 1.3 percent market share. The top three lenders in such tracts were Citizens Bank, N.A., Rocket Mortgage, and First Commonwealth Bank. Furthermore, 360 HMDA reporters made loans in a moderate-income census tracts in the assessment area in 2021. Northwest ranked 28th in lending in moderate-income census tracts with a 1.0 percent market share. The top three lenders were Citizens Bank, N.A., Rocket Mortgage, and PNC Bank, N.A.

Geographic Distribution of Home Mortgage Loans Pittsburgh, PA MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.7	1.1	13	0.9	1,075	0.4
2021	2.7	1.3	18	1.3	1,530	0.5
2022	2.6	--	12	1.1	1,956	0.6
Moderate						
2020	15.3	9.9	114	7.9	12,401	4.3
2021	15.3	11.2	111	8.0	13,746	4.4
2022	17.4	--	123	11.3	17,722	5.8
Middle						
2020	52.0	46.0	621	42.9	97,374	33.6
2021	52.0	47.4	562	40.5	99,923	32.1
2022	47.3	--	428	39.4	76,763	25.3
Upper						
2020	30.0	42.9	701	48.4	179,383	61.8
2021	30.0	40.1	695	50.1	196,488	63.0
2022	32.6	--	522	48.0	207,253	68.2
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	--	2	0.2	187	0.1
Totals						
2020	100.0	100.0	1,449	100.0	290,233	100.0
2021	100.0	100.0	1,386	100.0	311,686	100.0
2022	100.0	--	1,087	100.0	303,881	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts slightly trailed 2020 and 2021 aggregate and demographic data. The bank's performance in 2022 in low-income census tracts slightly exceeded demographic data. The opportunity to lend in low-income census tracts is limited as only 4.8 percent, 4.9 percent, and 5.4 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts trailed aggregate data in 2020 and was similar to aggregate data in 2021. The bank's performance in 2022 in moderate-income census tracts improved and exceeded demographic data.

Market share data further supports the bank's adequate performance. Of the 193 CRA reporters that made loans in the assessment area in 2021, only 69 made loans in a low-income census tract. Northwest ranked 24th in lending in low-income census tracts with a 0.5 percent market share. The top three lenders in such tracts were American Express National Bank, PNC Bank, N.A., and Citizens Bank, N.A. Furthermore, 101 CRA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 24th in lending in moderate-income census tracts with a 0.7 percent market share. The top three lenders were American Express National Bank, PNC Bank, N.A., and JPMorgan Chase Bank, N.A.

Geographic Distribution of Small Business Loans Pittsburgh, PA MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	4.8	4.1	13	2.6	1,220	2.6
2021	4.9	3.7	11	2.8	565	1.9
2022	5.4	--	8	6.2	976	6.6
Moderate						
2020	14.5	14.3	57	11.3	4,619	9.9
2021	14.8	13.3	52	13.5	4,979	16.5
2022	15.1	--	22	17.2	3,327	22.5
Middle						
2020	42.0	43.1	273	54.0	26,137	56.0
2021	41.8	40.3	215	55.7	15,851	52.4
2022	39.0	--	55	43.0	4,470	30.2
Upper						
2020	37.9	38.0	163	32.2	14,696	31.5
2021	37.6	34.6	107	27.7	8,826	29.2
2022	38.8	--	41	32.0	5,591	37.8
Not Available						
2020	0.8	0.5	0	0.0	0	0.0
2021	0.9	8.1	1	0.3	25	0.1
2022	1.7	--	2	1.6	415	2.8
Totals						
2020	100.0	100.0	506	100.0	46,672	100.0
2021	100.0	100.0	386	100.0	30,246	100.0
2022	100.0	--	128	100.0	14,779	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different size. Northwest's adequate performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of home mortgage lending to low-income borrowers trailed aggregate data for 2020 and 2021 and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$171,132. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of home mortgage lending to moderate-income borrowers trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period.

Market share data further supports the bank's adequate performance. Of the 667 HMDA reporters that made loans in the assessment area in 2021, 279 made loans to a low-income borrower. Northwest ranked 23rd in lending to low-income borrowers with a 1.1 percent market share. The top three lenders in such tracts were Citizens Bank, N.A., Rocket Mortgage, and PNC Bank, N.A. Furthermore, 349 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 24th in lending to moderate-income borrowers with a 1.1 percent market share. The top three lenders were also Citizens Bank, N.A., Rocket Mortgage, and PNC Bank, N.A.

Distribution of Home Mortgage Loans by Borrower Income Level Pittsburgh, PA MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	20.5	7.6	91	6.3	6,483	2.2
2021	20.5	8.6	96	6.9	7,145	2.3
2022	19.5	-	99	9.1	7,112	2.3
Moderate						
2020	17.3	16.4	214	14.8	23,460	8.1
2021	17.3	17.7	216	15.6	25,729	8.3
2022	17.9	--	160	14.7	19,698	6.5
Middle						
2020	20.5	21.0	288	19.9	41,589	14.3
2021	20.5	21.1	248	17.9	39,024	12.5
2022	21.2	--	179	16.5	27,195	8.9
Upper						
2020	41.7	41.6	665	45.9	156,649	54.0
2021	41.7	37.5	572	41.3	145,881	46.8
2022	41.3	--	378	34.8	112,056	36.9
Not Available						
2020	0.0	13.5	191	13.2	62,052	21.4
2021	0.0	15.1	254	18.3	93,907	30.1
2022	0.0	--	271	24.9	137,820	45.4
Totals						
2020	100.0	100.0	1,449	100.0	290,233	100.0
2021	100.0	100.0	1,386	100.0	311,686	100.0
2022	100.0	--	1,087	100.0	303,881	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 40.7 percent and 78.5 percent of these loans to

businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Market share data further supports the bank's good performance. Of the 193 CRA reporters that made loans in the assessment area in 2021, 100 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 19th in lending to businesses with GAR of \$1.0 million or less with a 0.5 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were PNC Bank, N.A., Citizens Bank, N.A., and JPMorgan Chase Bank, N.A.

Distribution of Small Business Loans by Gross Annual Revenue Category Pittsburgh, PA MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	85.5	42.1	66	13.0	10,756	23.0
2021	86.2	48.1	117	30.3	13,591	44.9
2022	87.8	--	96	75.0	8,396	56.8
>\$1,000,000						
2020	4.8	--	28	5.5	4,028	8.6
2021	4.4	--	24	6.2	2,810	9.3
2022	3.7	--	32	25.0	6,383	43.2
Revenue Not Available						
2020	9.7	--	412	81.4	31,888	68.3
2021	9.4	--	245	63.5	13,845	45.8
2022	8.5	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	506	100.0	46,672	100.0
2021	100.0	100.0	386	100.0	30,246	100.0
2022	100.0	--	128	100.0	14,779	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area. The Neighborhood LIFT Program is specific to the Pittsburgh, PA MSA assessment area.

Community Development Loans

Northwest has made a relatively high level of community development loans. The number and dollar volume of community development loans was similar to the previous evaluation. Specifically, Northwest's prior evaluation included 52 community development loans totaling

approximately \$16.6 million compared to the current evaluation, the bank originated 30 community development loans totaling \$16.8 million.

The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending Pittsburgh, PA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	2	1,919	1	22	0	0	0	0	3	1,941
2021	4	1,152	15	3,799	0	0	4	7,988	23	12,939
2022	3	1,590	1	300	0	0	0	0	4	1,890
1/1/2023 – 7/10/2023	0	0	0	0	0	0	0	0	0	0
Total	9	4,661	17	4,121	0	0	4	7,988	30	16,770
<i>Source: Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2021, Northwest originated four PPP loans totaling approximately \$8.0 million to non-profit organizations located in low- and moderate-income census tracts. These loans revitalize or stabilize such census tracts by supporting non-profits and businesses struggling during the COVID-19 pandemic.
- During the review period, Northwest originated eight multifamily loans totaling \$4.5 million that supported affordable housing within the Pittsburgh, PA MSA assessment area. Each loan purchased, refinanced, or improved a multifamily dwelling with a majority of units with rents less than HUD fair market rent for the county.
- In 2021, the bank extended a \$366,000 loan to a community service organization committed to workforce development program. The program targets those without a high school diploma, up to age 24. The program provides career counseling and job placement upon completion and satisfaction of diploma requirements. The organization also provides support to those on the cusp of non-completion of high school diploma programs or are experiencing substance abuse disorders, giving needs based counseling, tutoring, and resources to ensure graduation.
- In 2022, Northwest made a \$300,000 loan to a community food bank serving Washington County. The organization cites an approximate 26,000 persons in the immediate area requiring supplemental food service, and another 1,429 children in elementary schools that are food-insecure. In addition to a typical food bank operation, the organization delivers prepared food packages to those aged 60 or older that are low- to moderate-income.

INVESTMENT TEST

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

Investment and Grant Activity

Northwest has a good level of qualified community development investments and donations. During the evaluation period, Northwest purchased equity investments totaling \$8.2 million that benefitted low- and moderate-income families within the Pittsburgh, PA MSA assessment area, made qualified contributions through the NAP and EITC program totaling approximately \$1.3 million, and made 30 qualified donations totaling \$179,984. By dollar volume, this level represents 14.3 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the Pittsburgh, PA MSA assessment area is below that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$12.6 million within the Pittsburgh, PA MSA assessment area. Some of the decrease can be attributed to prior period equity investments that the bank considered statewide investments at the current evaluation. At the prior evaluation, examiners allocated prior period equity investments to individual assessment areas rather than at the state rated level. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments Pittsburgh, PA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	--	3,797	0	0	0	0	0	0	--	3,797
2021	--	331	0	0	0	0	0	0	--	331
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	--	4,023	0	0	1	1,902	0	0	--	5,925
Subtotal	--	8,151	0	0	1	1,902	0	0	--	10,053
Donations & Grants	2	6	25	190	7	11	1	5	35	212
EITCs & NAPs	3	375	22	563	2	50	5	275	32	1,263
Subtotal	5	381	47	753	9	61	6	280	67	1,475
Total	--	8,532	47	753	10	1,963	6	280	--	11,528
Source: Bank Data. "--" data not available										

New Investments

During the review period, Northwest purchased nine FNMA, GNMA, and Freddie Mac MBSs with \$8.2 million benefitting low- and moderate-income families within the Pittsburgh, PA MSA assessment area. In addition, the bank made one investment into a SBIC totaling \$1.9 million that benefitted this assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$70,834 to an EITC program that provides financial education to students. This donation supports community development services in the assessment area.
- The bank donated \$30,000 to the United Way of Southwestern PA specifically allocated to the Emergency Basic Needs Fund. This fund provides short-term assistance to low- and moderate-income individuals via food, clothing, and shelter. These donations support community development services in the assessment area.
- The bank donated \$19,000 to a non-profit membership organization comprising of community development corporations, community-based organizations, and community service groups in western Pennsylvania. The goal of the organization is to develop innovative reinvestment programs targeted to Pittsburgh's low- and moderate-income neighborhoods and individuals. These donations support community development services in the assessment area.

EITCs and NAPs

During the review period, Northwest made 22 EITCs contributions totaling \$562,500 and purchased 10 NAPs totaling \$700,000 that benefitted the Pittsburgh, PA MSA assessment area.

Responsiveness to Credit and Community Development Needs

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

Community Development Initiatives

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

SERVICE TEST

Northwest 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. As shown in the following table, there are no branches located within low-income census tracts and the bank's ATM distribution is similar to census tract and population distribution within low-income census tracts. The bank's branch and ATM distribution is similar to the census tract and population distribution within moderate-income census tracts. The branch distribution and

alternative delivery systems for the Pittsburgh, PA MSA assessment area are below the PA rated area overall.

Branch and ATM Distribution by Geography Income Level Pittsburgh, PA MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	49	7.1	113,107	5.0	0	0.0	1	5.0
Moderate	155	22.5	415,958	18.6	4	22.2	4	20.0
Middle	293	42.6	975,752	43.5	7	38.9	8	40.0
Upper	168	24.4	717,198	32.0	7	38.9	7	35.0
NA	23	3.3	20,111	0.9	0	0.0	0	0.0
Total	688	100.0	2,242,126	100.0	18	100.0	20	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

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 evaluation period the bank closed seven branches within the Pittsburgh, PA assessment area. These closures included three in middle-income census tracts and four in upper-income census tracts.

Net Distribution of Branch Openings/Closings						
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Alleghany	0	5	0	0	-1	-4
Armstrong	0	0	0	0	0	0
Beaver	0	0	0	0	0	0
Butler	0	1	0	0	-1	0
Washington	0	1	0	0	-1	0
Westmoreland	0	0	0	0	0	0
Total	0	7	0	0	-3	-4

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the Pittsburgh, PA MSA assessment area are consistent with the PA rated area overall.

Community Development Services

Northwest is a leader in providing community development services within its Pittsburgh, PA MSA assessment area. Northwest partnered with EVERFI to provide online financial education programs for students within the Pittsburgh, PA assessment areas. Bank personnel participate in various

community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided community development services to approximately 27 community development organizations in the bank's Pittsburgh, PA MSA 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.

Community Development Services Pittsburgh, PA MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	26	242	0	51	319
2021	64	2,508	6	30	2,608
2022	0	272	0	0	272
1/1/2023 – 7/10/2023	0	95	0	0	95
Total	90	3,117	6	81	3,294
<i>Source: Bank Data</i>					

- A bank employee serves on the Board of a non-profit organization that helps residents overcome poverty, addiction, and economic hardships through a range of social services. The organization provides food, emergency disaster relief, rehabilitation services, clothing and shelter to low- and moderate-income residents of the assessment area. This service supports community development services in the assessment area.
- A bank employee serves on the Board of a non-profit organization that provides community services to residents of this assessment area. The organization provides affordable housing for low- and moderate-incomes residents of the assessment area.
- A bank employee serves on the Board of a non-profit organization that distributes food and provides nutritional education to food insecure residents of Washington County, PA. This service supports community development services in the assessment area.

ERIE, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN (ASSESSMENT AREA)

The Erie, PA MSA assessment area includes Erie County in the Erie, PA MSA #21500. The bank operates 12 full service branch offices within this assessment area. The bank’s operations in the assessment area represent 11.9 percent of total in-assessment area lending (by number), 10.9 percent of total deposits, and 9.0 percent of total branches. There have been no changes to this assessment area since the previous CRA evaluation.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 72 census tracts reflecting the following income designations according to the 2015 ACS:

- 11 low-income census tracts,
- 10 moderate-income census tracts,
- 31 middle-income census tracts,
- 18 upper-income census tracts, and
- 2 census tracts with no income designation.

For 2022, the same assessment area included 74 census tracts reflecting the following income designations according to the 2020 Census data:

- 9 low-income census tracts,
- 17 moderate-income census tracts,
- 27 middle-income census tracts,
- 18 upper-income census tracts, and
- 3 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Erie, PA MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	74	12.2	23.0	36.5	24.3	4.1
Population by Geography	270,876	8.1	18.9	41.0	30.2	1.8
Housing Units by Geography	121,613	8.4	20.6	41.4	28.6	1.0
Owner-Occupied Units by Geography	73,941	3.6	14.9	45.5	35.8	0.2
Occupied Rental Units by Geography	36,447	16.5	30.2	34.5	16.4	2.3
Vacant Units by Geography	11,225	14.1	26.7	36.6	21.0	1.6
Businesses by Geography	22,692	10.5	17.8	37.6	32.8	1.4
Farms by Geography	613	3.3	10.1	51.9	33.9	0.8
Family Distribution by Income Level	67,922	20.5	17.7	21.5	40.3	0.0
Household Distribution by Income Level	110,388	24.7	15.9	17.4	42.0	0.0
Median Family Income - 21500 Erie, PA MSA		\$68,789	Median Housing Value			\$131,448
Families Below Poverty Level		10.4%	Median Gross Rent			\$764
Source: 2020 U.S. Census and 2022 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.						

There are 121,613 housing units in the assessment area. Of these units, 60.8 percent are owner-occupied, 30.0 percent are rental occupied, and 9.2 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 3.6 percent and 14.9 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

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)				
2020 (\$71,500)	<\$35,750	\$35,750 to <\$57,200	\$57,200 to <\$85,800	≥\$85,800
2021 (\$65,000)	<\$32,500	\$32,500 to <\$52,000	\$52,000 to <\$78,000	≥\$78,000
2022 (\$75,000)	<\$37,500	\$37,500 to <\$60,000	\$60,000 to <\$90,000	≥\$90,000
Source: FFIEC				

According to 2022 D&B data, there were 22,692 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 85.5 percent had GARs of \$1.0 million or less;

- 4.9 percent had GARs of more than \$1.0 million; and
- 9.6 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 37.8 percent, followed by non-classifiable establishments (18.4 percent), retail trade (12.3 percent), and finance, insurance, and real estate (10.2 percent). Most businesses have four or fewer employees (62.0 percent) and operate at a single location (89.9 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

During the evaluation period, the unemployment rates within Erie County varied from a high of 16.5 percent in April 2020 to a low of 3.5 percent in April 2023. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. As of May 2023, Erie County reported an unemployment rate of 3.7 percent, while the PA and national rates were 4.0 percent and 3.6 percent, respectively.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 10 financial institutions operated 62 full-service offices in the assessment area. Of these institutions, Northwest ranked 2nd with a 19.1 percent deposit market share. The 1st and 3rd ranked institutions based on deposit market share were PNC Bank, N.A. (32.5 percent) and First National Bank of Pennsylvania (17.8 percent).

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 241 lenders originated or purchased 8,647 home mortgage loans. Of these lenders, Northwest ranked 1st by number of originations and purchases capturing 13.6 percent of total market share. The 2nd and 3rd ranked mortgage lenders in the assessment area were Rocket Mortgage (7.8 percent) and Marquette Savings Bank (7.1 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 79 lenders originated or purchased 4,578 small business loans. Of these lenders, Northwest ranked 2nd by number of originations and purchases capturing 10.6 percent of total market share. The 1st and 3rd ranked small business lenders in the assessment area were American Express National Bank (13.6 percent) and PNC Bank, N.A. (9.6 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN ERIE, PA MSA ASSESSMENT AREA

LENDING TEST

Northwest demonstrated excellent performance under the Lending Test. The Community Development Lending criterion performance supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the Erie, PA MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 1,233 home mortgage loans totaling \$170.1 million in 2020; 1,176 loans totaling \$156.9 million in 2021; and 839 loans totaling \$102.9 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest captured 13.6 percent of total market share by number of loans, ranking 1st among 241 lenders that made 8,647 loans in the assessment area. Other top ranked lenders included a mortgage corporation, community bank, credit union, and a large national bank.

Small Business Loans

Northwest originated 680 small business loans totaling \$66.1 million in 2020; 486 loans totaling \$37.0 million in 2021; and 128 loans totaling \$18.9 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest captured 10.6 percent of total market share by number of loans, ranking 2nd among 79 small business loan reporters that made 4,578 loans in the assessment area. Other top ranked lenders included business credit card lenders and large national banks.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts was similar to 2020 and 2021 aggregate data and trailed demographic data throughout the review period. The opportunity to lend in low-income census tracts is limited as only 4.5 percent, 4.5 percent, and 3.6 percent of owner-occupied housing units are in such tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts was also similar to 2020 and 2021 aggregate data and trailed demographic data throughout the review period.

Market share data further supports the bank's good performance. Of the 241 HMDA reporters that made loans in the assessment area in 2021, only 48 made loans in a low-income census tract. Northwest ranked 3rd in lending in low-income census tracts with an 8.2 percent market share. The other top two lenders in such tracts were Erie Federal Credit Union and Marquette Savings Bank. Furthermore, 87 HMDA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 1st in lending in moderate-income census tracts with a 12.5 percent market share. The other top two lenders were Rocket Mortgage and Erie Federal Credit Union.

Geographic Distribution of Home Mortgage Loans Erie, PA MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	4.5	1.9	18	1.5	1,951	1.1
2021	4.5	1.8	12	1.0	666	0.4
2022	3.6	--	12	1.4	893	0.9
Moderate						
2020	8.8	6.6	70	5.7	6,215	3.7
2021	8.8	7.5	81	6.9	6,404	4.1
2022	14.9	--	93	11.1	8,237	8.0
Middle						
2020	50.6	46.2	553	44.9	64,073	37.7
2021	50.6	47.8	533	45.3	61,316	39.1
2022	45.5	--	381	45.4	41,278	40.1
Upper						
2020	36.2	45.2	592	48.0	97,849	57.5
2021	36.2	42.8	550	46.8	88,511	56.4
2022	35.8	--	351	41.8	51,343	49.9
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	--	2	0.2	1,176	1.1
Totals						
2020	100.0	100.0	1,233	100.0	170,086	100.0
2021	100.0	100.0	1,176	100.0	156,897	100.0
2022	100.0	--	839	100.0	102,927	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, while the bank's penetration of loans in low-income census tracts trailed demographic data throughout the review period, its performance of lending in such tracts was similar to 2020 aggregate data and slightly trailed 2021 aggregate data. The opportunity to lend in low-income census tracts is moderately limited as 12.5 percent, 12.6 percent, and 10.5 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts exceeded aggregate and demographic data in 2020, and trailed aggregate and demographic data in 2021. The bank's

performance in 2022 in moderate-income census tracts increased and was similar to demographic data.

Northwest's market share in such tracts also supports good performance. Of the 79 CRA reporters that made loans in the assessment area in 2021, only 43 made loans in a low-income census tract. Northwest ranked 2nd in lending in low-income census tracts with a 9.4 percent market share. The 1st and 3rd top lenders in such tracts were American Express National Bank and PNC Bank, N.A. Furthermore, 46 CRA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 2nd in lending in moderate-income census tracts with a 9.3 percent market share. The 1st and 3rd top lenders in such tracts were American Express National Bank and First National Bank of PA.

Geographic Distribution of Small Business Loans Erie, PA MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	12.5	10.6	72	10.6	7,639	11.6
2021	12.6	10.2	44	9.1	3,654	9.9
2022	10.5	--	14	8.4	1,849	9.8
Moderate						
2020	12.0	11.3	95	14.0	12,406	18.8
2021	12.0	10.8	46	9.5	3,092	8.4
2022	17.8	--	30	18.1	3,356	17.8
Middle						
2020	44.2	46.6	320	47.1	26,851	40.6
2021	44.2	46.8	259	53.3	17,595	47.5
2022	37.6	--	72	43.4	7,739	41.0
Upper						
2020	31.2	31.4	193	28.4	19,178	29.0
2021	31.2	32.1	137	28.2	12,676	34.2
2022	32.8	--	50	30.1	5,921	31.4
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	1.4	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	680	100.0	66,074	100.0
2021	100.0	100.0	486	100.0	37,017	100.0
2022	100.0	--	166	100.0	18,865	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size. Northwest's good performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance to low-income borrowers trailed aggregate data for 2020 and 2021 and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$131,448. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance to moderate-income borrowers slightly trailed aggregate data for 2020 and exceeded aggregate data for 2021. The bank exceeded demographic data throughout the review period.

Additionally, Northwest's market share of loans to low- and moderate-income borrowers was good. Of the 241 HMDA reporters that made loans in the assessment area in 2021, 63 made loans to a low-income borrower. Northwest ranked 2nd in lending to low-income borrowers with an 11.8 percent market share. The top lender to such borrowers was Erie Federal Credit Union (11.9 percent). Furthermore, 106 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 1st in lending to moderate-income borrowers with a 14.2 percent market share. The next top lenders were Rocket Mortgage (8.21 percent) and Citizens Bank, N.A. (7.7 percent).

Distribution of Home Mortgage Loans by Borrower Income Level Erie, PA MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	21.1	7.9	77	6.2	5,346	3.1
2021	21.1	6.2	63	5.4	4,655	3.0
2022	20.5	--	86	10.3	6,278	6.1
Moderate						
2020	17.6	19.8	229	18.6	21,999	12.9
2021	17.6	17.5	214	18.2	19,305	12.3
2022	17.7	--	169	20.1	14,611	14.2
Middle						
2020	20.8	21.9	337	27.3	41,773	24.6
2021	20.8	22.7	295	25.1	32,470	20.7
2022	21.5	--	231	27.5	25,510	24.8
Upper						
2020	40.5	36.4	536	43.5	94,100	55.3
2021	40.5	39.8	566	48.1	94,153	60.0
2022	40.3	--	316	37.7	48,838	47.4
Not Available						
2020	0.0	13.9	54	4.4	6,869	4.0
2021	0.0	13.8	38	3.2	6,315	4.0
2022	0.0	--	37	4.4	7,690	7.5
Totals						
2020	100.0	100.0	1,233	100.0	170,086	100.0
2021	100.0	100.0	1,176	100.0	156,897	100.0
2022	100.0	--	839	100.0	102,927	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 43.3 percent and 69.4 percent of these loans to

businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is good.

Market share data further supports the bank's good performance. Of the 79 CRA reporters that made loans in the assessment area in 2021, 42 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 7th in lending to businesses with GAR of \$1.0 million or less with a 6.0 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were Synchrony Bank, PNC Bank, N.A., and First National Bank of PA.

Distribution of Small Business Loans by Gross Annual Revenue Category Erie, PA MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.3	39.0	97	14.3	11,651	17.6
2021	83.5	49.9	136	28.0	12,313	33.3
2022	85.5	--	122	73.5	10,179	54.0
>\$1,000,000						
2020	6.2	--	56	8.2	11,516	17.4
2021	5.7	--	41	8.4	8,905	24.1
2022	4.9	--	43	25.9	8,540	45.3
Revenue Not Available						
2020	11.5	--	527	77.5	42,907	64.9
2021	10.8	--	309	63.6	15,799	42.7
2022	9.6	--	1	0.6	146	0.8
Totals						
2020	100.0	100.0	680	100.0	66,074	100.0
2021	100.0	100.0	486	100.0	37,017	100.0
2022	100.0	--	166	100.0	18,865	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area.

Community Development Loans

Northwest has made a relatively high level of community development loans. The number and dollar volume of community development loans has decreased since the previous evaluation. Specifically, Northwest's prior evaluation included 41 community development loans totaling

approximately \$19.0 million compared to the current evaluation, the bank originated 27 community development loans totaling \$11.4 million.

The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending Erie, PA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	4	2,598	4	1,285	0	0	0	0	8	3,883
2021	4	2,689	2	1,784	0	0	8	254	14	4,727
2022	2	866	1	1,100	0	0	0	0	3	1,966
1/1/2023 – 7/10/2023	2	812	0	0	0	0	0	0	2	812
Total	12	6,965	7	4,169	0	0	8	254	27	11,388
<i>Source: Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2021, Northwest originated PPP loans totaling \$253,725 to non-profit organizations located in low- or moderate-income census tracts. These loans revitalize or stabilize such census tracts by supporting non-profits struggling during the COVID-19 pandemic.
- During the review period, Northwest originated eight multifamily loans totaling \$3.6 million that supported affordable housing within the Erie, PA MSA assessment area. Each loan purchased, refinanced, or improved a multifamily dwelling with a majority of units with rents less than HUD fair market rent for the county.
- The bank made a loan in 2020 for \$2.1 million to a housing service affiliate of the Pennsylvania Housing Finance Agency to provide affordable housing within targeted areas of Erie, PA. The funding is to renovate 15 existing single-family units and constructing 10 new apartment units in the Midtown neighborhood, a low-income census area surrounded by other low- and moderate-income areas. There remains additional funding expectations for future projects post-completion, through the City of Erie, the FHLB of Pittsburgh, and the Home Investment Partnership Program providing more affordable housing stock in the pipeline.
- In 2020, the bank provided a \$350,000 loan to an Erie, PA non-profit organization offering free workforce development programs. The funds of this loan were for the purchase and renovation of an aged municipal structure, which completed its transformation in 2021. The programs include professional training, which the organization collaborates with area industries citing a need for focused development of a job specific role. The expedited program is fully free and available to any PA resident willing to commit 10-months to the program full time, which the organization will place all successfully completed candidates into a career. This program is in a low-income area serving the greater Erie low- and

moderate-income populations.

INVESTMENT TEST

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

Investment and Grant Activity

Northwest has a significant level of qualified community development investments and donations. During the evaluation period, Northwest purchased equity investments totaling \$3.1 million that benefitted low- and moderate-income families within the Erie, PA MSA assessment area, made qualifying contributions totaling \$877,490 through the EITC program and NAP, and made 55 qualified donations totaling \$462,000. By dollar volume, this level represents 5.8 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the Erie, PA MSA assessment area is below that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$4.5 million within the Erie, PA MSA assessment area. Some of the decrease can be attributed to prior period equity investments that the bank included at the PA rated level at the current evaluation. At the prior evaluation, examiners allocated prior period equity investments to individual assessment areas rather than at the state rated level. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments Erie, PA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	1	2,432	0	0	0	0
1/1/2023 – 7/10/2023	--	712	0	0	0	0	0	0	--	712
Subtotal	--	712	0	0	1	2,432	0	0	--	3,144
Donations & Grants	5	18	40	204	6	90	4	150	55	462
EITCs & NAPs	0	0	25	877	0	0	0	0	25	877
Subtotal	5	18	65	1,081	6	90	4	150	80	1,339
Total	--	730	65	1,081	7	2,522	4	150	--	4,483

Source: Bank Data. "--" data not available

New Investments

During the review period, Northwest purchased five FNMA, GNMA, and Freddie Mac MBSs with \$712,323 benefitting low- and moderate-income families within the Erie, PA MSA assessment area. In addition, the bank invested in one SBIC totaling \$2.4 million that benefitted this assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$150,000 to an organization that focuses on revitalizing downtown Erie. Programs include developing commercial and residential real estate, attracting businesses, investing in the downtown area, and creating programming to encourage individuals and families to live, work, and spend time in the downtown area. These donations support the revitalization and stabilization of the assessment area.
- The bank donated \$80,000 to the Erie Regional Chamber and Growth Partnership. This organization focuses on the economic development of downtown Erie. The City of Erie, business, and non-profit leaders have coalesced around the common goal of promoting Erie's Opportunity Zones, designated as Pennsylvania's Flagship Opportunity Zone. The Flagship Opportunity Zone Development Company was created under the umbrella of the Erie Regional Chamber and Growth Partnership to cultivate a robust portfolio, promote viable and socially impactful projects, and unlock local capital to transform Erie.

EITCs and NAPs

During the review period, Northwest purchased nine EITCs totaling \$467,490 and sixteen NAPs totaling \$410,000 that benefitted the Erie, PA MSA assessment area.

Responsiveness to Credit and Community Development Needs

Northwest 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 dollar amount, to affordable housing.

Community Development Initiatives

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

SERVICE TEST

Northwest 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. As shown in the following table, the bank's branch and ATM distribution is similar to census tract and population distribution within low- and moderate-income census tracts. The branch distribution and alternative delivery systems for the Erie, PA MSA assessment area is below the PA rated area overall.

Branch and ATM Distribution by Geography Income Level Erie, PA MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	9	12.2	21,944	8.1	1	8.3	2	12.5
Moderate	17	23.0	51,127	18.9	3	25.0	3	18.8
Middle	27	36.5	110,998	41.0	3	25.0	5	31.3
Upper	18	24.3	81,895	30.2	5	41.7	6	37.5
NA	3	4.1	4,912	1.8	0	0.0	0	0.0
Total	74	100.0	270,876	100.0	12	100.0	16	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

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 evaluation period, the bank closed three branches in middle-income census tracts within the Erie, PA MSA assessment area.

Net Distribution of Branch Openings/Closings						
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Erie	0	3	0	0	-3	0
Total	0	3	0	0	-3	0

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the Erie, PA MSA assessment area are consistent with the PA rated area overall.

Community Development Services

Northwest is a leader in providing community development services within its Erie, PA MSA assessment area. Northwest also partnered with EVERFI to provide online financial education programs for students within the Erie, PA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided community development services to approximately 41 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 assessment area and purpose.

Community Development Services Erie, PA MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	32	618	520	44	1,214
2021	86	1,449	541	48	2,124
2022	93	1,364	600	40	2,097
1/1/2023 – 7/10/2023	51	1,444	864	22	2,381
Total	262	4,875	2,525	154	7,816
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- A bank employee serves on the Board of a non-profit agency that provides community services. The agency's purpose is to support the individuals who are homeless or at risk of homelessness by providing temporary, transitional and permanent options for shelter, as well as supportive services, referrals, advocacy, and community education.
- A bank employee serves on the Board of a non-profit organization that partners with local area landlords to provide safe, affordable, independent, transitional housing for low-income women and children. The organization also provides advocacy and support services to the women. This service supports community development services in the assessment area.
- A bank employee serves on the Board of local housing authority whose mission is to promote adequate and affordable housing, economic opportunity in a non-discriminatory environment. This service supports affordable housing efforts in the assessment area.

HARRISBURG-YORK-LEBANON, PA CSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN HARRISBURG-YORK-LEBANON, PA CSA ASSESSMENT AREA

The Harrisburg-York-Lebanon, PA Combined Statistical Area (CSA) assessment area includes Dauphin, Lebanon, and York Counties. Dauphin County is in the Harrisburg-Carlisle, PA MSA #25420, while Lebanon County is in the Lebanon, PA MSA #30140 and York County is in the York-Hanover, PA MSA #49620. The MSAs are part of the larger Harrisburg-York-Lebanon, PA CSA #276. The bank operates five full service branch offices within this assessment area. The bank’s operations in the assessment area represent 6.0 percent of total in-assessment area lending (by number), 3.3 percent of total deposits, and 3.7 percent of total branches. This assessment area changed since the previous evaluation with the removal of Adams County, PA.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 186 census tracts reflecting the following income designations according to the 2015 ACS:

- 22 low-income census tracts,
- 32 moderate-income census tracts,
- 103 middle-income census tracts, and
- 29 upper-income census tracts.

For 2022, the same assessment area included 208 census tracts reflecting the following income designations according to the 2020 Census data:

- 21 low-income census tracts,
- 34 moderate-income census tracts,
- 113 middle-income census tracts, and
- 40 upper-income census tracts.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Harrisburg-York-Lebanon, PA CSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	208	10.1	16.3	54.3	19.2	0.0
Population by Geography	886,096	7.6	14.1	56.6	21.7	0.0
Housing Units by Geography	367,740	8.0	15.4	56.0	20.6	0.0
Owner-Occupied Units by Geography	240,584	3.4	10.8	61.3	24.6	0.0
Occupied Rental Units by Geography	101,457	16.9	25.0	45.1	12.9	0.0
Vacant Units by Geography	25,699	16.4	20.3	49.3	13.9	0.0
Businesses by Geography	88,011	8.0	17.6	51.9	22.5	0.0
Farms by Geography	3,093	1.9	7.7	69.0	21.4	0.0
Family Distribution by Income Level	226,801	19.7	18.9	23.1	38.3	0.0
Household Distribution by Income Level	342,041	23.0	16.8	20.2	40.0	0.0
Median Family Income - 25420 Harrisburg-Carlisle, PA MSA		\$84,347	Median Housing Value			\$176,562
Median Family Income - 30140 Lebanon, PA MSA		\$76,282	Median Gross Rent			\$957
Median Family Income - 49620 York-Hanover, PA MSA		\$82,154	Families Below Poverty Level			6.9%
Source: 2020 U.S. Census and 2022 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.						

There are 367,740 housing units in the assessment area. Of these units, 65.4 percent are owner-occupied, 27.6 percent are rental occupied, and 7.0 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 3.4 percent and 10.8 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Harrisburg-Carlisle, PA MSA Median Family Income (25420)				
2020 (\$85,000)	<\$42,500	\$42,500 to <\$68,000	\$68,000 to <\$102,000	≥\$102,000
2021 (\$84,900)	<\$42,450	\$42,450 to <\$67,920	\$67,920 to <\$101,880	≥\$101,880
2022 (\$94,300)	<\$47,150	\$47,150 to <\$75,440	\$75,440 to <\$113,160	≥\$113,160
Lebanon, PA MSA Median Family Income (30140)				
2020 (\$77,000)	<\$38,500	\$38,500 to <\$61,600	\$61,600 to <\$92,400	≥\$92,400
2021 (\$76,200)	<\$38,100	\$38,100 to <\$60,960	\$60,960 to <\$91,440	≥\$91,440
2022 (\$85,600)	<\$42,800	\$42,800 to <\$68,480	\$68,480 to <\$102,720	≥\$102,720
York-Hanover, PA MSA Median Family Income (49620)				
2020 (\$82,200)	<\$41,100	\$41,100 to <\$65,760	\$65,760 to <\$98,640	≥\$98,640
2021 (\$81,800)	<\$40,900	\$40,900 to <\$65,440	\$65,440 to <\$98,160	≥\$98,160
2022 (\$93,300)	<\$46,650	\$46,650 to <\$74,640	\$74,640 to <\$111,960	≥\$111,960
<i>Source: FFIEC</i>				

According to 2022 D&B data, there were 88,011 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 87.8 percent had GARs of \$1.0 million or less;
- 3.3 percent had GARs of more than \$1.0 million; and
- 8.9 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 36.5 percent, followed by non-classifiable establishments (21.0 percent), retail trade (11.1 percent), and finance, insurance, and real estate (9.4 percent). Most businesses have four or fewer employees (63.1 percent) and operate at a single location (91.1 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

During the evaluation period, the unemployment rates within the Harrisburg-York-Lebanon, PA CSA assessment area varied from a high of 14.9 percent in York County (April 2020) to a low of 2.6 percent in Lebanon County (April 2023). For every county within the Harrisburg-York-Lebanon, PA CSA assessment area, unemployment rates peaked in April 2020 and all other counties reached their lowest levels in April 2023. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. For the majority of the review period unemployment rates generally trended downward. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates				
Area	2020	2021	2022	May 2023
	%	%	%	%
Dauphin County, PA	7.8	3.6	3.4	3.6
York County, PA	6.5	3.2	3.2	3.4
Lebanon County, PA	6.7	3.2	3.0	3.3
Pennsylvania	7.7	4.6	4.3	4.0
National Average	6.7	3.9	3.5	3.6
<i>Source: Bureau of Labor Statistics (Year End).</i>				

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 26 financial institutions operated 206 full-service offices in the assessment area. Of these institutions, Northwest ranked 13th with a 1.9 percent deposit market share. The top three ranked institutions based on deposit market share were Manufacturers and Traders Trust Company (19.0 percent), Fulton Bank, N.A. (15.9 percent), and Wells Fargo Bank, N.A. (8.2 percent).

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 556 lenders originated or purchased 45,183 home mortgage loans. Of these lenders, Northwest ranked 22nd by number of originations and purchases capturing 1.3 percent of total market share. The top three ranked mortgage lenders in the assessment area were Members 1st Federal Credit Union (7.2 percent), Rocket Mortgage (6.7 percent), and Wells Fargo Bank, N.A. (8.2 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 125 lenders originated or purchased 16,342 small business loans. Of these lenders, Northwest ranked 27th by number of originations and purchases capturing 0.7 percent of total market share. The top three ranked small business lenders in the assessment area were American Express National Bank (15.2 percent), US Bank, N.A. (8.1 percent), and JPMorgan Chase Bank, N.A. (7.4 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN HARRISBURG-YORK-LEBANON, PA CSA ASSESSMENT AREA

LENDING TEST

Northwest demonstrated adequate performance under the Lending Test. The Geographic Distribution and Borrower Profile lending criterion performance supports this conclusion.

Lending Activity

Lending levels reflect good responsiveness to the Harrisburg-York-Lebanon, PA CSA MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 618 home mortgage loans totaling \$114.1 million in 2020; 586 loans totaling \$109.9 million in 2021; and 436 loans totaling \$78.6 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest captured 1.3 percent of total market share by number of loans, ranking 22nd among 556 lenders that made 45,183 loans in the assessment area. The top ranked lenders included mortgage corporations and large national banks.

Small Business Loans

Northwest originated 188 small business loans totaling \$15.7 million in 2020; 113 loans totaling \$8.6 million in 2021; and 48 loans totaling \$4.1 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest captured 0.7 percent of total market share by number of loans, ranking 27th among 125 small business loan reporters that made 16,342 loans in the assessment area. The top ranked lenders included business credit card lenders and large national banks.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period. The opportunity to lend in low-income census tracts is very limited as only 3.3 percent, 3.3 percent, and 3.4 percent of owner-occupied housing units are in such tracts in 2020, 2021, and 2022, respectively. The bank's performance moderate-income census tracts also trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period.

Market share data further supports the bank's adequate performance. Of the 556 HMDA reporters that made loans in the assessment area in 2021, only 175 made loans in a low-income census tract. Northwest ranked 87th in lending in low-income census tracts with a 0.2 percent market share. The top three lenders in such tracts were Civic Financial Services, LLC, Members 1st Federal Credit Union, and Traditions Bank. Furthermore, 250 HMDA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 29th in lending in moderate-income census tracts with a 1.0 percent market share. The top three lenders were Members 1st Federal Credit Union, Rocket Mortgage, and Pennymac Loan Services, LLC.

Geographic Distribution of Home Mortgage Loans Harrisburg-York-Lebanon, PA CSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	3.3	2.3	7	1.1	814	0.7
2021	3.3	3.0	2	0.3	349	0.3
2022	3.4	--	5	1.1	646	0.8
Moderate						
2020	10.9	8.8	41	6.6	4,655	4.1
2021	10.9	9.7	43	7.3	4,787	4.4
2022	10.8	--	35	8.0	3,094	3.9
Middle						
2020	64.9	62.2	371	60.0	65,018	57.0
2021	64.9	62.8	368	62.8	65,506	59.6
2022	61.3	--	244	56.0	40,654	51.7
Upper						
2020	20.9	26.7	199	32.2	43,659	38.2
2021	20.9	24.4	173	29.5	39,220	35.7
2022	24.6	--	152	34.9	34,207	43.5
Totals						
2020	100.0	100.0	618	100.0	114,147	100.0
2021	100.0	100.0	586	100.0	109,862	100.0
2022	100.0	--	436	100.0	78,600	100.0
<i>Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available.</i> <i>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. As shown in the following table, the bank's performance in low-income census tracts was similar to aggregate data in 2020 and trailed aggregate data in 2021. The bank's performance trailed demographic data throughout the review period. The opportunity to lend in low-income census tracts is limited as only 7.4 percent, 7.7 percent, and 8.0 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts slightly trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period.

Market share data further supports the bank's adequate performance. Of the 125 CRA reporters that made loans in the assessment area in 2021, only 56 made loans in a low-income census tract. Northwest ranked 27th in lending in low-income census tracts with a 0.6 percent market share. The top three lenders in such tracts were American Express National Bank, Capital One (USA) N.A., and US Bank, N.A. Furthermore, 76 CRA reporters made loans in a moderate-income census tract

in the assessment area in 2021. Northwest ranked 26th in lending in moderate-income census tracts with a 0.6 percent market share. The top three lenders were American Express National Bank, Mid Penn Bank, and US Bank, N.A.

Geographic Distribution of Small Business Loans Harrisburg-York-Lebanon, PA CSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	7.4	6.0	11	5.9	1,330	8.5
2021	7.7	6.3	6	5.3	343	4.0
2022	8.0	--	2	4.2	675	16.4
Moderate						
2020	16.8	14.4	26	13.8	2,933	18.7
2021	16.7	13.8	14	12.4	903	10.5
2022	17.6	--	6	12.5	328	8.0
Middle						
2020	56.9	59.6	99	52.7	7,161	45.7
2021	56.7	60.0	62	54.9	4,944	57.6
2022	51.9	--	32	66.7	2,857	69.5
Upper						
2020	18.8	19.9	52	27.7	4,259	27.2
2021	18.8	19.9	31	27.4	2,391	27.9
2022	22.5	--	8	16.7	250	6.1
Totals						
2020	100.0	100.0	188	100.0	15,683	100.0
2021	100.0	100.0	113	100.0	8,581	100.0
2022	100.0	--	48	100.0	4,110	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different size. Northwest's adequate performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's

performance to low-income borrowers trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$176,562. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance to moderate-income borrowers was similar to 2020 aggregate data and trailed 2021 aggregate data. The bank's performance in 2022 to moderate-income borrowers slightly improved and exceeded demographic data.

Market share data further supports the bank's adequate performance. Of the 556 HMDA reporters that made loans in the assessment area in 2021, 214 made loans to a low-income borrower. Northwest ranked 27th in lending to low-income borrowers with a 1.0 percent market share. The top three lenders to such borrowers were Rocket Mortgage, Members 1st Federal Credit Union, and Wells Fargo Bank, N.A. Furthermore, 325 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 23rd in lending to moderate-income borrowers with a 1.2 percent market share. The top three lenders were also Rocket Mortgage, Members 1st Federal Credit Union, and Wells Fargo Bank, N.A.

Distribution of Home Mortgage Loans by Borrower Income Level Harrisburg-York-Lebanon, PA CSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	20.3	8.0	29	4.7	2,308	2.0
2021	20.3	8.0	36	6.1	2,379	2.2
2022	19.7	--	36	8.3	2,826	3.6
Moderate						
2020	18.6	19.2	122	19.7	13,696	12.0
2021	18.6	19.9	104	17.7	12,465	11.3
2022	18.9	--	85	19.5	7,991	10.2
Middle						
2020	22.3	21.5	118	19.1	17,188	15.1
2021	22.3	22.3	99	16.9	15,433	14.0
2022	23.1	--	76	17.4	10,235	13.0
Upper						
2020	38.8	32.3	209	33.8	45,752	40.1
2021	38.8	31.5	217	37.0	47,025	42.8
2022	38.3	--	131	30.0	28,541	36.3
Not Available						
2020	0.0	19.0	140	22.7	35,203	30.8
2021	0.0	18.3	130	22.2	32,560	29.6
2022	0.0	--	108	24.8	29,007	36.9
Totals						
2020	100.0	100.0	618	100.0	114,147	100.0
2021	100.0	100.0	586	100.0	109,862	100.0
2022	100.0	--	436	100.0	78,600	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's performance to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's adequate performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 29.0 percent and 65.9 percent of these

loans to businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Market share data further supports the bank's adequate performance. Of the 125 CRA reporters that made loans in the assessment area in 2021, 68 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 22nd in lending to businesses with GAR of \$1.0 million or less with a 0.4 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were American Express National Bank, US Bank, N.A., and JPMorgan Chase Bank, N.A.

Distribution of Small Business Loans by Gross Annual Revenue Category Harrisburg-York-Lebanon, PA CSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	85.0	42.9	18	9.6	1,990	12.7
2021	86.1	46.8	29	25.7	2,161	25.2
2022	87.8	--	30	62.5	1,373	33.4
>\$1,000,000						
2020	4.4	--	20	10.6	3,000	19.1
2021	4.0	--	14	12.4	2,547	29.7
2022	3.3	--	18	37.5	2,737	66.6
Revenue Not Available						
2020	10.6	--	150	79.8	10,693	68.2
2021	9.9	--	70	61.9	3,873	45.1
2022	8.9	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	188	100.0	15,683	100.0
2021	100.0	100.0	113	100.0	8,581	100.0
2022	100.0	--	48	100.0	4,110	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Northwest makes use of innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area. The City/County of Lebanon First Time Homebuyer program is specific to the Harrisburg-York-Lebanon PA CSA assessment area.

Community Development Loans

Northwest has made a low level of community development loans. The dollar volume of community development loans has increased since the previous evaluation. Specifically,

Northwest's prior evaluation included four community development loans totaling approximately \$511,000 compared to the current evaluation, the bank originated four community development loans totaling \$650,000.

The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending Harrisburg-York-Lebanon, PA CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	1	425	1	40	0	0	1	20	3	485
2022	1	165	0	0	0	0	0	0	1	165
1/1/2023 – 7/10/2023	0	0	0	0	0	0	0	0	0	0
Total	2	590	1	40	0	0	1	20	4	650
<i>Source: Bank Data</i>										

The following are the community development loans that benefit the assessment area.

- In 2021, Northwest originated one PPP loan totaling \$19,843 to a non-profit organization located in a moderate-income census tract. This loan revitalizes or stabilizes the census tract by supporting the non-profit struggling during the COVID-19 pandemic.
- During the review period, Northwest originated two multifamily loans totaling \$590,000 that supported affordable housing within the Harrisburg-York-Lebanon CSA assessment area. Each loan purchased, refinanced, or improved a multifamily dwelling with a majority of units with rents less than HUD fair market rent for the county.
- The bank made a working capital loan of \$40,000 to an essential primary health care clinic serving low- and moderate-income households of Dauphin, Lancaster, and Lebanon counties. The clinic provides free healthcare services to those in need, counseling services on an income-based sliding scale, and donation-based oral health services. The funds of the loan may extend building usable life repairs and cover emergency funding gaps, in order to continue the mission of the clinic.

INVESTMENT TEST

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

Investment and Grant Activity

Northwest has a significant level of qualified community development investments and donations. During the evaluation period, Northwest purchased equity investments totaling \$3.9 million that benefitted low- and moderate-income families within the Harrisburg-York-Lebanon, PA CSA assessment area, made qualifying contributions totaling \$117,500 through the EITC program and NAP, and made 21 qualified donations totaling \$123,750. By dollar volume, this level represents 6.1 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the Harrisburg-York-Lebanon, PA CSA assessment area is consistent with that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$4.8 million within the Harrisburg-York-Lebanon, PA CSA assessment area. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments Harrisburg-York-Lebanon, PA CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	--	3,879	0	0	0	0	0	0	--	3,879
Subtotal	--	3,879	0	0	0	0	0	0	--	3,879
Donations & Grants	3	8	12	34	6	27	0	0	21	69
EITCs & NAPs	1	25	3	49	0	0	1	50	5	124
Subtotal	4	33	15	83	6	27	1	50	26	193
Total	--	3,912	15	83	6	27	1	50	--	4,072
Source: Bank Data. "--" data not available										

New Investments

During the review period, Northwest purchased eight FNMA, GNMA, and Freddie Mac MBSs with \$3.9 million benefitting low- and moderate-income families within the Harrisburg-York-Lebanon, PA CSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$6,500 to a non-profit organization that operates a food bank targeted to low- and moderate-income individuals. In addition, the organization provides emergency financial assistance for utility bills, refers individuals to social services, and provides budget counseling. These donations support community services in the assessment area.

- The bank donated \$7,500 to an organization that focuses on providing affordable housing to low- and moderate-income individuals and families within the assessment area.

EITCs and NAPs

During the review period, Northwest made one qualified contribution totaling \$13,750 through the EITC program and purchased four NAPs totaling \$110,000 that benefitted the Harrisburg-York-Lebanon, PA CSA assessment area.

Responsiveness to Credit and Community Development Needs

Northwest exhibits good responsiveness to credit and community economic development needs throughout its Harrisburg-York-Lebanon, PA CSA assessment area. Management directed the majority of the bank's investments and grants within the Harrisburg-York-Lebanon, PA CSA assessment area, by dollar amount, to affordable housing.

Community Development Initiatives

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

SERVICE TEST

Northwest 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 accessible to essentially all portions of the institution's assessment area. As shown in the following table, the bank's branch and ATM distribution is above census tract and population distribution within low- and moderate-income census tracts. The branch distribution and alternative delivery systems for the Harrisburg-York-Lebanon, PA CSA assessment area are consistent with the PA rated area overall.

Branch and ATM Distribution by Geography Income Level Harrisburg-York-Lebanon, PA CSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	21	10.1	67,743	7.6	1	20.0	1	16.7
Moderate	34	16.3	125,092	14.1	1	20.0	1	16.7
Middle	113	54.3	501,295	56.6	1	20.0	2	33.3
Upper	40	19.2	191,966	21.7	2	40.0	2	33.3
Total	208	100.0	886,096	100.0	5	100.0	6	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

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 evaluation period the bank closed three branches in middle-income census tracts within the Harrisburg-York-Lebanon, PA CSA assessment area.

Net Distribution of Branch Openings/Closings						
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Dauphin	0	0	0	0	0	0
Lebanon	0	0	0	0	0	0
York	0	3	0	0	-3	0
Total	0	3	0	0	-3	0

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the Harrisburg-York-Lebanon, PA CSA assessment area are consistent with the PA rated area overall.

Community Development Services

Northwest provides an adequate level of community development services within its Harrisburg-York-Lebanon, PA CSA assessment area. Northwest partnered with EVERFI to provide online financial education programs for students within this assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided community development services to approximately nine community development organization in the bank's Harrisburg-York-Lebanon, PA CSA 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.

Community Development Services Harrisburg-York-Lebanon, PA CSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	0	36	0	0	36
2021	40	98	0	0	138
2022	45	177	0	20	242
1/1/2023 – 7/10/2023	0	187	0	0	187
Total	85	498	0	20	603
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- During the examination period, a bank employee served on the Board for a nonprofit organization dedicated to assisting homeless and other disadvantaged individuals in Lebanon County, PA with programs including emergency aid, food distribution, training and mentoring and currently serves over 400 families. This service supports community development services in the assessment area.
- A bank employee worked as an instructor and provided financial education to an elementary school where almost 100% of students are eligible for free or reduced lunches. The activity promotes community development through financial literacy education, a population that is primarily low- or moderate-income. This service supports community development services in the assessment area.

STATE COLLEGE, PA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN STATE COLLEGE, PA ASSESSMENT AREA

The State College, PA MSA assessment area includes Centre County in the State College, PA MSA #44300. The bank operates four full service branch offices within this assessment area. The bank’s operations in the assessment area represent 3.8 percent of total in-assessment area lending (by number), 2.6 percent of total deposits, and 3.0 percent of total branches. There have been no changes to this assessment area since the previous CRA evaluation.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 31 census tracts reflecting the following income designations according to the 2015 ACS:

- 1 low-income census tract,
- 6 moderate-income census tracts,
- 12 middle-income census tracts,
- 8 upper-income census tracts, and
- 4 census tracts with no income designation.

For 2022, the same assessment area included 41 census tracts reflecting the following income designations according to the 2020 Census data:

- 1 low-income census tract,
- 8 moderate-income census tracts,
- 19 middle-income census tracts,
- 9 upper-income census tracts, and
- 4 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the State College, PA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	2.4	19.5	46.3	22.0	9.8
Population by Geography	158,172	3.6	14.7	49.2	20.8	11.6
Housing Units by Geography	67,062	0.2	17.5	56.2	21.7	4.4
Owner-Occupied Units by Geography	37,083	0.0	16.8	59.9	23.2	0.1
Occupied Rental Units by Geography	22,297	0.5	17.3	51.4	19.9	10.8
Vacant Units by Geography	7,682	0.6	21.8	52.4	19.2	6.0
Businesses by Geography	14,273	1.0	16.5	48.2	26.8	7.4
Farms by Geography	543	0.2	17.3	62.2	20.1	0.2
Family Distribution by Income Level	33,317	18.2	19.0	23.2	39.5	0.0
Household Distribution by Income Level	59,380	25.9	15.0	17.0	42.1	0.0
Median Family Income - 44300 State College, PA MSA		\$90,415	Median Housing Value			\$252,762
Families Below Poverty Level		4.6%	Median Gross Rent			\$1,017
Source: 2020 U.S. Census and 2022 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.						

There are 67,062 housing units in the assessment area. Of these units, 55.3 percent are owner-occupied, 33.2 percent are rental occupied, and 11.5 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 16.8 percent of owner-occupied housing units are located in moderate-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
State College, PA MSA Median Family Income (44300)				
2020 (\$88,700)	<\$44,350	\$44,350 to <\$70,960	\$70,960 to <\$106,440	≥\$106,440
2021 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
2022 (\$97,300)	<\$48,650	\$48,650 to <\$77,840	\$77,840 to <\$116,760	≥\$116,760
Source: FFIEC				

According to 2022 D&B data, there were 14,273 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 86.8 percent had GARs of \$1.0 million or less;
- 3.3 percent had GARs of more than \$1.0 million; and

- 9.9 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 41.4 percent, followed by non-classifiable establishments (20.3 percent), retail trade (10.3 percent), and finance, insurance, and real estate (9.2 percent). Most businesses have four or fewer employees (61.9 percent) and operate at a single location (90.0 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

During the evaluation period, the unemployment rates within Centre County varied from a high of 9.7 percent in April 2020 to a low of 2.4 percent in April 2023. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. As of May 2023, Centre County reported an unemployment rate of 2.9 percent, while the PA and national rates were 4.0 percent and 3.6 percent, respectively.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 16 financial institutions operated 45 full-service offices in the assessment area. Of these institutions, Northwest ranked 7th with a 6.6 percent deposit market share. The top three ranked institutions based on deposit market share were PNC Bank, NA (26.0 percent), First National Bank of Pennsylvania (18.4 percent), and Manufacturers and Traders Trust Company (7.6 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 262 lenders originated or purchased 5,658 home mortgage loans. Of these lenders, Northwest ranked 3rd by number of originations and purchases capturing 5.9 percent of total market share. The 1st and 2nd ranked mortgage lenders in the assessment area were Citizens Bank Pennsylvania (7.6 percent) and Wells Fargo Bank, NA (6.6 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 72 lenders originated or purchased 2,688 small business loans. Of these lenders, Northwest ranked 9th by number of originations and purchases capturing 3.7 percent of total market share. The top three ranked small business lenders in the assessment area were American Express National Bank (15.0 percent), First National Bank of Pennsylvania (12.0 percent), and Kish Bank (9.4 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN STATE COLLEGE, PA MSA ASSESSMENT AREA

LENDING TEST

Northwest demonstrated good performance under the Lending Test. The Geographic Distribution and Borrower Profile lending criterion performance supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the State College, PA MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 447 home mortgage loans totaling \$104.8 million in 2020; 333 loans totaling \$74.2 million in 2021; and 216 loans totaling \$55.7 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest Bank captured 5.9 percent of total market share by number of loans, ranking 3rd among 262 lenders that made 5,658 loans in the assessment area. Other top ranked lenders included large national banks and mortgage corporations.

Small Business Loans

Northwest originated 129 small business loans totaling \$12.3 million in 2020; 100 loans totaling \$6.8 million in 2021; and 38 loans totaling \$1.8 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest Bank captured 3.7 percent of total market share by number of loans, ranking 9th among 72 small business loan reporters that made 2,688 loans in the assessment area. The top ranked lenders included business credit card lenders large national banks, and a community bank.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance of lending in moderate-income census tracts slightly trailed 2020 and 2021 aggregate and demographic data. In 2022, the bank's performance slightly improved but also trailed demographic data. While there is no opportunity to lend in the low-income census tract, there is moderate opportunity to lend in the moderate-income census tracts as 16.0 percent, 16.0 percent, and 16.8 percent of owner-occupied housing units are in such tracts in 2020, 2021, and 2022, respectively.

While Northwest's percentage of loans in moderate-income census tracts was adequate, its market share in such tracts supports good performance. Of the 262 HMDA reporters that made loans in the assessment area in 2021, only 125 made loans in a moderate-income census tract. Northwest ranked 7th in lending in moderate-income census tracts with a 5.1 percent market share. The top three lenders in such tracts were Rocket Mortgage, Citizens Bank, N.A., and Wells Fargo Bank, N.A.

Geographic Distribution of Home Mortgage Loans State College, PA MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	--	0	0.0	0	0.0
Moderate						
2020	16.0	14.6	58	13.0	10,030	9.6
2021	16.0	15.7	45	13.5	8,936	12.0
2022	16.8	--	32	14.8	4,297	7.7
Middle						
2020	51.7	45.8	204	45.6	46,632	44.5
2021	51.7	46.1	141	42.3	27,779	37.4
2022	59.9	--	117	54.2	25,542	45.9
Upper						
2020	31.5	38.4	178	39.8	45,810	43.7
2021	31.5	36.9	141	42.3	35,633	48.0
2022	23.2	--	67	31.0	25,865	46.4
Not Available						
2020	0.8	1.2	7	1.6	2,306	2.2
2021	0.8	1.4	6	1.8	1,885	2.5
2022	0.1	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	447	100.0	104,778	100.0
2021	100.0	100.0	333	100.0	74,233	100.0
2022	100.0	--	216	100.0	55,703	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance of lending in moderate-income census tracts greatly exceeded 2020 and 2021 aggregate and demographic data. In 2022, the bank's performance improved and continued to exceed demographic data. While aggregate and demographic data reflects nearly no opportunities to lend in the low-income census tract, there is moderate opportunities to lend in moderate-income census tracts as 18.3 percent, 18.3 percent, and 16.5 percent of businesses are in moderate-income census tracts in 2020, 2021, and 2022, respectively.

Market share data further supports the bank's excellent performance. Of the 72 CRA reporters that made loans in the assessment area in 2021, only 40 made loans in a moderate-income census tract. Northwest ranked 5th in lending in moderate-income census tracts with a 6.3 percent market share. The top three lenders in such tracts were First National Bank of PA, American Express National Bank, and Kish Bank.

Geographic Distribution of Small Business Loans State College, PA MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.0	0.2	0	0.0	0	0.0
2021	1.6	0.0	0	0.0	0	0.0
2022	1.0	--	0	0.0	0	0.0
Moderate						
2020	18.3	17.5	34	26.4	1,564	12.7
2021	18.3	18.4	31	31.0	2,239	32.9
2022	16.5	--	15	39.5	740	41.5
Middle						
2020	38.5	41.9	48	37.2	4,867	39.5
2021	38.5	42.1	44	44.0	2,771	40.7
2022	48.2	--	20	52.6	872	48.9
Upper						
2020	31.7	29.6	41	31.8	4,547	36.9
2021	31.9	30.9	22	22.0	1,618	23.8
2022	26.8	--	3	7.9	170	9.5
Not Available						
2020	9.7	10.9	6	4.7	1,347	10.9
2021	9.6	8.7	3	3.0	184	2.7
2022	7.4	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	129	100.0	12,325	100.0
2021	100.0	100.0	100	100.0	6,812	100.0
2022	100.0	--	38	100.0	1,782	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size. Northwest's good performance of home mortgage

and adequate performance of small business lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of lending to low-income borrowers slightly trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$252,762. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of lending to moderate-income borrowers trailed 2020 and 2021 aggregate data and trailed demographic data throughout the review period.

While Northwest's percentage of loans to low- and moderate-income borrowers was adequate, its market share to such borrowers supports good performance. Of the 262 HMDA reporters that made loans in the assessment area in 2021, only 65 made loans to a low-income borrower. Northwest ranked 6th in lending to low-income borrowers with a 5.5 percent market share. The top three lenders to such borrowers were Citizens Bank, N.A., Rocket Mortgage, and Jersey Shore State Bank. Furthermore, 104 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 6th in lending to moderate-income borrowers with a 5.9 percent market share. The top three lenders were also Citizens Bank, N.A., Rocket Mortgage, and Jersey Shore State Bank.

Distribution of Home Mortgage Loans by Borrower Income Level State College, PA MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	19.6	6.7	23	5.1	2,377	2.3
2021	19.6	7.1	22	6.6	2,063	2.8
2022	18.2	--	25	11.6	2,362	4.2
Moderate						
2020	18.5	15.7	53	11.9	7,910	7.5
2021	18.5	17.2	42	12.6	7,125	9.6
2022	19.0	--	26	12.0	4,211	7.6
Middle						
2020	21.5	24.1	99	22.1	20,900	19.9
2021	21.5	23.8	68	20.4	12,607	17.0
2022	23.2	--	42	19.4	8,274	14.9
Upper						
2020	40.3	41.6	171	38.3	44,308	42.3
2021	40.3	40.2	135	40.5	33,904	45.7
2022	39.5	--	85	39.4	30,458	54.7
Not Available						
2020	0.0	11.8	101	22.6	29,284	27.9
2021	0.0	11.7	66	19.8	18,533	25.0
2022	0.0	--	38	17.6	10,399	18.7
Totals						
2020	100.0	100.0	447	100.0	104,778	100.0
2021	100.0	100.0	333	100.0	74,233	100.0
2022	100.0	--	216	100.0	55,703	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but slightly trailed demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's adequate performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 46.0 percent and 65.3 percent of these

loans to businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Market share data further supports the bank's adequate performance. Of the 72 CRA reporters that made loans in the assessment area in 2021, 36 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 13th in lending to businesses with GAR of \$1.0 million or less with a 2.3 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were First National Bank of PA, JPMorgan Chase Bank, N.A., and Synchrony Bank.

Distribution of Small Business Loans by Gross Annual Revenue Category State College, PA MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	84.0	41.6	23	17.8	3,445	28.0
2021	85.1	52.0	32	32.0	1,503	22.1
2022	86.8	--	31	81.6	995	55.8
>\$1,000,000						
2020	4.2	--	8	6.2	2,576	20.9
2021	3.9	--	14	14.0	2,111	31.0
2022	3.3	--	7	18.4	787	44.2
Revenue Not Available						
2020	11.8	--	98	76.0	6,304	51.1
2021	11.0	--	54	54.0	3,198	46.9
2022	10.0	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	129	100.0	12,325	100.0
2021	100.0	100.0	100	100.0	6,812	100.0
2022	100.0	--	38	100.0	1,782	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Community Development Loans

Northwest has made a low level of community development loans. The bank originated six community development loans totaling \$3.9 million during the evaluation period that specifically benefitted the assessment area. The number and dollar volume of community development loans has decreased since the previous evaluation. Specifically, Northwest's prior evaluation included 12 community development loans totaling approximately \$9.0 million compared to the current evaluation, the bank originated six community development loans totaling \$3.9 million.

The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending State College, PA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	2	2,865	0	0	0	0	2	2,865
2021	1	800	0	0	0	0	1	57	2	857
2022	1	150	0	0	0	0	0	0	1	150
1/1/2023 – 7/10/2023	1	50	0	0	0	0	0	0	1	50
Total	3	1,000	2	2,865	0	0	1	57	6	3,922
<i>Source: Bank Data</i>										

During the review period, Northwest originated three multifamily loans totaling \$1.0 million that supported affordable housing within the State College, PA MSA assessment area. Each loan purchased, refinanced, or improved a multifamily dwelling with a majority of units with rents less than HUD fair market rent for the county.

INVESTMENT TEST

Northwest demonstrated adequate performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

Northwest has an adequate level of qualified community development investments and donations. During the evaluation period, Northwest purchased equity investments totaling \$486,297 that benefitted low- and moderate-income families within the State College, PA MSA assessment area, made qualifying contributions totaling \$117,500 through the EITC program and NAP, and made seven qualified donations totaling \$28,000. By dollar volume, this level represents 0.9 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the State College, PA MSA assessment area is below that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$1.1 million within the State College, PA MSA assessment area. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments State College, PA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	--	486	0	0	0	0	0	0	--	486
Subtotal	--	486	0	0	0	0	0	0	--	486
Donations & Grants	2	15	5	13	0	0	0	0	7	28
EITCs & NAPs	0	0	2	118	0	0	0	0	2	118
Subtotal	2	15	7	131	0	0	0	0	9	146
Total	2	501	7	131	0	0	0	0	9	632
Source: Bank Data. "--" data not available										

New Investments

During the review period, Northwest purchased three FNMA and GNMA MBSs with \$486,297 benefitting low- and moderate-income families within the State College, PA MSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$15,000 to an organization that focuses on providing affordable housing to low- and moderate-income individuals and families within the assessment area.
- The bank donated \$11,000 to a non-profit organization that provides multiple services targeted to low- and moderate-income individuals such as shelter, food, and counseling services. These donations support community services in the assessment area.

EITCs and NAPs

During the review period, Northwest made one qualified contribution through the EITC program totaling \$87,500 and purchased one NAP totaling \$30,000 that benefitted the State College, PA MSA assessment area.

Responsiveness to Credit and Community Development Needs

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

Community Development Initiatives

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

SERVICE TEST

Northwest demonstrated adequate performance under the Service Test. The Community Development Services criterion performance primarily supports this conclusion. The bank's Accessibility of Delivery Systems negatively impacted the rating for this assessment area.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to limited portions of the institution's assessment area. As shown in the following table, the bank operates no branches or ATMs within low- and moderate-income census tracts. The branch distribution and alternative delivery systems for the State College, PA MSA assessment area is well below the PA rated area overall.

Branch and ATM Distribution by Geography Income Level State College, PA MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	2.4	5,753	3.6	0	0.0	0	0.0
Moderate	8	19.5	23,325	14.7	0	0.0	0	0.0
Middle	19	46.3	77,865	49.2	2	50.0	2	50.0
Upper	9	22.0	32,842	20.8	1	25.0	1	25.0
NA	4	9.8	18,387	11.6	1	25.0	1	25.0
Total	41	100.0	158,172	100.0	4	100.0	4	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

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. During the evaluation period the bank closed its State College – Beaver Avenue (Centre County) branch in a census tract with no income designation, due to Penn State University residing in this census tract.

Net Distribution of Branch Openings/Closings							
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)				
			Low	Moderate	Middle	Upper	NA
Centre	0	1	0	0	0	0	-1
Total	0	1	0	0	0	0	-1

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the State College, PA MSA assessment area are consistent with the PA rated area overall.

Community Development Services

Northwest provides a relatively high level of community development services within its State College, PA MSA assessment area. Northwest partnered with EVERFI to provide online financial education programs for students within this assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided community development services to approximately six community development organizations in the bank's State College, 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 assessment area and purpose.

Community Development Services State College, PA MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	0	0	0	0	0
2021	4	20	0	0	24
2022	4	147	0	0	151
1/1/2023 – 7/10/2023	0	1,119	0	0	1,119
Total	8	1,286	0	0	1,294
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- During the evaluation period, a bank employee served on the Board of Directors for an organization that assists in providing subsidized milk from dairies to a charitable food network of pantries, soup kitchens, shelters, and feeding programs.
- A bank employee served as Treasurer for a non-profit organization that helps people overcome poverty, addiction, and economic hardship through a range of social services such as providing food, emergency disaster relief, rehabilitation services, clothing and shelter.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED- SCOPE ASSESSMENT AREAS

Assessment Area	Lending Test	Investment Test	Service Test
Johnstown, PA MSA	Below	Below	Consistent
Lancaster, PA MSA	Below	Below	Below
Williamsport, PA MSA	Below	Below	Below
Youngstown, PA MSA	Below	Below	Below

Johnstown, PA MSA Assessment Area

Examiners performed a limited-scope review to evaluate and rate the bank's CRA performance in the Johnstown, PA MSA assessment area. The Johnstown, PA MSA assessment area includes Cambria County in the Johnstown, PA MSA #27780. There has been no change to this assessment area since the previous CRA evaluation. The bank operates two full service branch offices within this assessment area. The bank's operations in the assessment area represent 0.4 percent of total in-assessment area lending (by number), 1.1 percent of total deposits, and 1.5 percent of total branches. During the evaluation period, the bank closed two branches in this assessment area. One branch was located in a moderate-income census tract (Johnstown) and the other was located in a middle-income census tract (Ebensburg). The closest Northwest branch to the Johnstown branch is 4 miles away, located also in Johnstown.

Activity

Activity	#	\$ (000s)
Home Mortgage Loans	127	9,666
Small Business Loans	51	4,182
Community Development Loans	0	0
Investments (New)	--	395
Investments (Prior Period) *	--	--
Donations	6	27
EITCs & NAPs	6	190
CD Services (hours)	1,352	NA
Source: Bank Data. * Data included within the PA statewide area investments. "--" data not available		

Lancaster, PA MSA Assessment Area

Examiners performed a limited-scope review to evaluate and rate the bank's CRA performance in the Lancaster, PA MSA assessment area. The Lancaster, PA MSA assessment area includes Lancaster County in the Lancaster, PA MSA #29540. There has been no changes to this assessment area since the previous CRA evaluation. The bank operates eight full service branch offices within this assessment area. The bank's operations in the assessment area represent 7.1 percent of total in-

assessment area lending (by number), 5.3 percent of total deposits, and 6.0 percent of total branches. During the evaluation period, the bank closed six branches in this assessment area. Of the six branches, one branch was located in a moderate-income census tract (New Holland) and five were located in middle-income census tracts. While the closest Northwest branch to the New Holland branch is 14 miles away, the New Holland community is served with many other local branches all under 1 mile away.

Activity

Activity	#	\$ (000s)
Home Mortgage Loans	2,459	489,489
Small Business Loans	156	54,107
Community Development Loans	5	2,684
Investments (New)	--	889
Investments (Prior Period) *	--	--
Donations	10	41
EITCs and NAPs	16	634
CD Services (hours)	170	NA
<i>Source: Bank Data. * Data included within the PA statewide area investments. "--" data not available</i>		

Williamsport, PA Assessment Area

Examiners performed a limited-scope review to evaluate and rate the bank's CRA performance in the Williamsport, PA MSA assessment area. The Williamsport, PA MSA assessment area includes Lycoming County in the Williamsport, PA MSA #48700. There has been no changes to this assessment area since the previous CRA evaluation. Northwest operated one full service branch office within this assessment area until its closure in April 2023. The bank's operations in the assessment area represent 0.4 percent of total in-assessment area lending (by number) and 0.2 percent of total deposits. During the evaluation period, the bank closed one branch in this assessment area. The branch was located in a middle-income census tract.

Activity

Activity	#	\$ (000s)
Home Mortgage Loans	156	27,761
Small Business Loans	39	4,556
Community Development Loans	0	0
Investments (New)	0	0
Investments (Prior Period) *	--	--
Donations	1	2
EITCs & NAPs	0	0
CD Services (hours)	50	NA
<i>Source: Bank Data. * Data included within the PA statewide area investments. "--" data not available</i>		

Youngstown-Warren-Boardman, OH-PA MSA Assessment Area

Examiners performed a limited-scope review to evaluate and rate the bank's CRA performance in the Youngstown, PA MSA assessment area. The Youngstown, PA MSA assessment area includes Mercer County in the Youngstown-Warren-Boardman, OH-PA MSA #49660. There has been no changes to this assessment area since the previous CRA evaluation. The bank operates one full service branch office within this assessment area. The bank's operations in the assessment area represent 0.4 percent of total in-assessment area lending (by number), 0.8 percent of total deposits, and 0.7 percent of total branches. The bank did not close any branches in this assessment area during the evaluation period.

Activity

Activity	#	\$ (000)
Home Mortgage Loans	122	17,246
Small Business Loans	59	4,659
Community Development Loans	0	0
Investments (New)	--	328
Investments (Prior Period) *	--	--
Donations	0	0
EITCs & NAPs	0	0
CD Services (hours)	103	NA
<i>Source: Bank Data. * Data included within the PA statewide area investments. "--" data not available</i>		

Geographic Distribution

Home Mortgage Loans

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2020
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
Johnstown, PA MSA	45	3,722	4.9	3,222	1.4	0.0	0.2	13.3	13.3	5.1	59.3	37.8	57.0	26.0	48.9	37.7	0.0	0.0	0.0
Lancaster, PA MSA	783	141,041	85.7	22,540	1.6	1.1	1.9	8.8	6.8	9.3	76.1	73.3	73.6	13.5	18.8	15.2	0.0	0.0	0.0
Williamsport, PA MSA	42	7,028	4.6	4,052	1.4	0.0	1.1	7.2	2.4	6.5	84.3	90.5	83.4	7.0	7.1	9.0	0.0	0.0	0.0
Youngstown, PA MSA	44	6,532	4.8	3,150	3.1	0.0	1.0	8.3	0.0	4.4	66.6	77.3	67.0	22.1	22.7	27.6	0.0	0.0	0.0
Total	914	158,323	100.0	32,964	1.7	1.0	1.5	9.3	6.6	8.1	72.9	72.5	72.6	16.0	19.9	17.8	0.0	0.0	0.0
Source: 2015 ACS; 01/01/2020 - 12/31/2020 Bank Data, 2020 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																			2021
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
Johnstown, PA MSA	44	3,511	4.8	3,563	1.4	0.0	0.4	13.3	11.4	6.3	59.3	61.4	57.8	26.0	27.3	35.5	0.0	0.0	0.0
Lancaster, PA MSA	780	144,612	84.7	24,681	1.6	0.9	2.2	8.8	9.6	10.3	76.1	71.4	72.6	13.5	18.1	14.9	0.0	0.0	0.0
Williamsport, PA MSA	50	8,812	5.4	4,391	1.4	2.0	1.5	7.2	4.0	8.0	84.3	86.0	82.9	7.0	8.0	7.5	0.0	0.0	0.0
Youngstown, PA MSA	47	5,909	5.1	3,677	3.1	0.0	1.5	8.3	0.0	4.4	66.6	76.6	68.1	22.1	23.4	26.0	0.0	0.0	0.0
Total	921	162,844	100.0	36,312	1.7	0.9	1.8	9.3	8.9	9.1	72.9	72.0	72.0	16.0	18.2	17.1	0.0	0.0	0.0
Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 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																		2022
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	% 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
Johnstown, PA MSA	37	2,370	5.9	3.0	0.0	--	9.2	5.4	--	64.0	78.4	--	23.7	16.2	--	0.0	0.0	--
07 Lancaster, PA MSA	526	106,340	83.5	1.5	1.3	--	11.3	14.8	--	72.5	62.9	--	14.7	20.9	--	0.0	0.0	--
Williamsport, PA MSA	38	6,114	6.0	0.9	0.0	--	2.0	5.3	--	78.5	71.1	--	18.4	23.7	--	0.3	0.0	--
Youngstown, PA MSA	29	4,500	4.6	2.5	0.0	--	9.5	6.9	--	45.4	24.1	--	42.5	69.0	--	0.0	0.0	--
Total	630	119,324	100.0	1.8	1.1	--	9.5	13.3	--	68.2	62.5	--	20.5	23.0	--	0.0	0.0	--
Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Small Business Loans

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2020
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
Johnstown, PA MSA	28	2,046	6.3	2,798	1.9	10.7	1.8	18.4	46.4	14.2	48.2	32.1	50.5	31.4	10.7	33.5	0.0	0.0	0.0
Lancaster, PA MSA	360	28,022	81.6	13,189	4.1	1.9	3.7	11.2	14.7	10.6	72.4	72.5	73.5	12.4	10.8	12.2	0.0	0.0	0.0
Williamsport, PA MSA	19	2,156	4.3	2,032	5.0	5.3	3.7	16.6	36.8	14.5	71.4	57.9	76.2	7.0	0.0	5.6	0.0	0.0	0.0
Youngstown, PA MSA	34	2,146	7.7	1,929	5.3	0.0	6.1	10.1	0.0	10.1	60.4	88.2	59.0	24.2	11.8	24.8	0.0	0.0	0.0
Total	441	34,370	100.0	19,948	4.1	2.5	3.6	12.6	16.6	11.5	67.9	70.5	69.1	15.3	10.4	15.7	0.0	0.0	0.0
Source: 2021 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 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																			2021
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
Johnstown, PA MSA	16	889	6.2	2,351	2.0	12.5	2.4	18.4	25.0	15.0	47.9	43.8	50.5	31.7	18.8	32.1	0.0	0.0	0.0
Lancaster, PA MSA	210	18,333	81.4	13,518	4.1	1.9	3.6	11.0	14.3	9.9	72.4	74.3	73.7	12.4	9.5	12.8	0.0	0.0	0.0
Williamsport, PA MSA	12	1,670	4.7	2,016	5.0	0.0	3.6	16.2	25.0	13.7	71.6	75.0	74.9	7.2	0.0	7.8	0.0	0.0	0.0
Youngstown, PA MSA	20	1,256	7.8	1,975	5.3	0.0	5.0	10.2	0.0	8.6	60.6	90.0	61.3	23.8	10.0	25.1	0.0	0.0	0.0
Total	258	22,148	100.0	19,860	4.1	2.3	3.6	12.5	14.3	10.8	68.1	73.6	69.9	15.3	9.7	15.8	0.0	0.0	0.0
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 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													2022
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	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Johnstown, PA MSA	7	1,247	9.2	3.5	14.3	14.5	0.0	59.1	85.7	23.0	0.0	0.0	0.0
Lancaster, PA MSA	56	7,752	73.7	3.7	0.0	11.3	10.7	69.3	71.4	15.7	17.9	0.0	0.0
Williamsport, PA MSA	8	730	10.5	3.6	0.0	3.7	0.0	73.9	100.0	17.7	0.0	1.1	0.0
Youngstown, PA MSA	5	1,257	6.6	7.4	0.0	6.4	0.0	43.0	20.0	43.2	80.0	0.0	0.0
Total	76	10,986	100.0	4.0	1.3	10.2	7.9	65.8	72.4	19.8	18.4	0.1	0.0
Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%													

Borrower Profile

Home Mortgage Loans

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2020
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Johnstown, PA MSA	45	3,722	4.9	3,222	19.5	8.9	7.0	19.4	11.1	16.7	20.8	22.2	20.1	40.3	48.9	40.7	0.0	8.9	15.5
Lancaster, PA MSA	783	141,041	85.7	22,540	18.3	3.1	5.0	19.2	17.2	19.9	23.1	24.4	23.3	39.4	37.9	36.2	0.0	17.4	15.7
Williamsport, PA MSA	42	7,028	4.6	4,052	20.0	2.4	4.6	18.7	19.0	15.6	22.1	16.7	22.6	39.2	38.1	42.0	0.0	23.8	15.2
Youngstown, PA MSA	44	6,532	4.8	3,150	17.8	6.8	6.7	19.9	18.2	16.7	21.1	18.2	21.8	41.2	47.7	40.7	0.0	9.1	14.1
Total	914	158,323	100.0	32,964	18.6	3.5	5.3	19.3	17.1	18.7	22.3	23.6	22.8	39.8	39.0	37.8	0.0	16.8	15.4
Source: 2015 ACS; 01/01/2020 - 12/31/2020 Bank Data, 2020 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																			2021
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Johnstown, PA MSA	44	3,511	4.8	3,563	19.5	13.6	8.6	19.4	20.5	18.7	20.8	20.5	21.0	40.3	40.9	37.6	0.0	4.5	14.1
Lancaster, PA MSA	780	144,612	84.7	24,681	18.3	6.5	7.0	19.2	17.7	21.2	23.1	24.0	24.0	39.4	32.2	33.7	0.0	19.6	14.0
Williamsport, PA MSA	50	8,812	5.4	4,391	20.0	2.0	7.9	18.7	12.0	19.0	22.1	22.0	23.6	39.2	40.0	32.8	0.0	24.0	16.7
Youngstown, PA MSA	47	5,909	5.1	3,677	17.8	6.4	7.7	19.9	12.8	19.6	21.1	19.1	21.8	41.2	53.2	37.2	0.0	8.5	13.7
Total	921	162,844	100.0	36,312	18.6	6.6	7.4	19.3	17.3	20.5	22.3	23.5	23.5	39.8	34.1	34.4	0.0	18.6	14.3
Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 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																		2022
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Johnstown, PA MSA	37	2,370	5.9	19.6	21.6	--	18.6	27.0	--	22.1	13.5	--	39.7	29.7	--	0.0	8.1	--
Lancaster, PA MSA	526	106,340	83.5	17.4	8.7	--	19.3	20.3	--	24.6	19.0	--	38.8	28.7	--	0.0	23.2	--
Williamsport, PA MSA	38	6,114	6.0	19.5	5.3	--	18.1	21.1	--	21.8	18.4	--	40.7	39.5	--	0.0	15.8	--
Youngstown, PA MSA	29	4,500	4.6	20.2	6.9	--	16.4	13.8	--	20.0	20.7	--	43.3	55.2	--	0.0	3.4	--
Total	630	119,324	100.0	18.3	9.2	--	18.7	20.5	--	23.3	18.7	--	39.7	30.6	--	0.0	21.0	--
Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Small Business Loans

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2020
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
Johnstown, PA MSA	28	2,046	6.3	2,798	80.6	17.9	34.7	5.4	3.6	13.9	78.6
Lancaster, PA MSA	360	28,022	81.6	13,189	87.3	11.1	47.1	5.0	6.7	7.7	82.2
Williamsport PA MSA	19	2,156	4.3	2,032	83.8	31.6	38.0	4.5	15.8	11.7	52.6
Youngstown, PA MSA	34	2,146	7.7	1,929	82.1	20.6	50.3	5.4	2.9	12.5	76.5
Total	441	34,370	100.0	19,948	85.5	13.2	44.7	5.0	6.6	9.5	80.3
Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 CRA Aggregate 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											2021
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
Johnstown, PA MSA	16	889	6.2	2,351	81.6	31.3	44.6	5.0	12.5	13.4	56.3
Lancaster, PA MSA	210	18,333	81.4	13,518	88.1	25.7	50.8	4.5	8.6	7.4	65.7
Williamsport, PA MSA	12	1,670	4.7	2,016	84.7	50.0	46.5	4.2	16.7	11.0	33.3
Youngstown, PA MSA	20	1,256	7.8	1,975	83.0	25.0	58.3	5.0	5.0	12.0	70.0
Total	258	22,148	100.0	19,860	86.3	27.1	50.4	4.6	8.9	9.1	64.0
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate 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											2022
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
Johnstown, PA MSA	7	1,247	9.2	--	83.4	71.4	--	4.5	28.6	12.1	0.0
Lancaster, PA MSA	56	7,752	73.7	--	89.8	67.9	--	3.7	32.1	6.5	0.0
Williamsport, PA MSA	8	730	10.5	--	86.4	62.5	--	3.6	37.5	10.0	0.0
Youngstown, PA MSA	5	1,257	6.6	--	85.0	60.0	--	4.2	40.0	10.8	0.0
Total	76	10,986	100.0	--	88.1	67.1	--	3.8	32.9	8.1	0.0
Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 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: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW YORK

The evaluation for the State of NY considered the bank's operations in the following three assessment areas: Buffalo-Cheektowaga, NY MSA; NY Non-MSA; and Rochester, NY MSA. Collectively, examiners refer to these three assessment areas as the NY rated area. Since the previous CRA evaluation the NY assessment area has changed. Please refer to the individual assessment area sections for additional details. The bank operates 27 full service branch offices within NY. The bank's operations in the NY rated area represent 22.2 percent of total in-assessment area lending (by number), 23.4 percent of total deposits, and 20.1 percent of total branches.

During the evaluation period, the unemployment rates within the NY rated area varied from a high of 24.3 percent in Niagara County (April 2020) to a low of 2.5 percent in Monroe County (April 2023). For every county within the NY rated area, unemployment rates peaked in April 2020 and all other counties reached their lowest levels in April 2023. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. For the majority of the review period unemployment rates generally trended downward. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates				
Area	2020	2021	2022	May 2023
	%	%	%	%
Buffalo, NY MSA				
Erie County, NY	7.4	3.3	4.8	3.1
Niagara County, NY	7.1	3.6	3.7	3.2
NY Non-MSA				
Cattaraugus County, NY	6.3	3.7	4.0	3.5
Chautauqua County, NY	7.3	3.6	3.9	3.4
Rochester, NY MSA				
Monroe County, NY	6.5	3.1	3.1	3.0
New York	8.7	5.4	4.1	3.9
National Average	6.7	3.9	3.5	3.6
Source: Bureau of Labor Statistics (Year End). YTD 2023 figures are as of May 2023.				

Refer to the separate sections of this evaluation under New York for a detailed description of each assessment area.

SCOPE OF EVALUATION – NEW YORK

This portion of the evaluation considers activity within the NY rated area. Please refer to the overall Scope of Evaluation section for information on products and timeframe reviewed. Of the three assessment areas within the NY rated area, the bank's performance in the Buffalo-Cheektowaga, NY MSA assessment area carried the most weight in determining the state's rating and conclusions, as this assessment area accounts for the largest portion of the bank's lending, deposits, and branches within NY. Examiners used full-scope examination procedures to assess performance in the Buffalo-Cheektowaga, NY MSA and NY Non-MSA assessment areas, and limited scope examination procedures for the Rochester, NY MSA assessment area. Examiners selected the full-scope areas based upon the volume of lending, deposits, and branches, along with consideration of which areas received limited scope examination procedures at prior evaluations.

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 the performance in the Buffalo-Cheektowaga, NY MSA. The bank's performance in the NY Non-MSA and the Rochester, NY MSA assessment areas is consistent with the overall rating.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Examiners considered the institution's size, loan portfolio composition, and competition level. Northwest's excellent lending performance in the Buffalo-Cheektowaga, NY Non-MSA and Rochester, NY MSA assessment areas supports this conclusion.

Home Mortgage Loans

Within the NY rated area, the bank originated or purchased 2,256 home mortgage loans totaling \$407.3 million in 2020; 2,135 home mortgage loans totaling \$381.9 million in 2021; and 1,610 home mortgage loans totaling \$314.1 million in 2022. This volume exceeds the volume of home mortgage loans the bank made during the prior review period. During the prior review period, the bank made 2,880 home mortgage loans totaling \$387.0 million in 2018 and 2019, collectively, within the NY rated area. During the review period, the bank made 21.6 percent of its in-assessment area home mortgage loans (by count) in the NY rated area.

Small Business Loans

Within the NY rated area, the bank originated 1,323 small business loans totaling \$35.9 million in 2020; 943 small business loans totaling \$80.9 million in 2021; and 267 small business loans totaling \$28.6 million in 2022. This volume is significantly higher than the volume of small business loans the bank made during the prior review period. During that review period, the bank originated 397 small business loans totaling \$84.2 million in 2018 and 2019, collectively, within the NY rated area. The bank's participation in SBA's PPP primarily contributed to the increase in small business lending during this review period. In 2020, the bank originated 965 PPP loans totaling \$84.7

million that were included as small business loans in the NY rated area. In 2021, the bank originated 676 PPP loans totaling \$51.5 million that were also included as small business loans in the NY rated area.

Refer to the Lending Activity criterion under each assessment area for additional information.

Geographic Distribution

The geographic distribution of loans reflects good penetration within the NY rated area. Northwest's good performance of home mortgage and small business lending in the Buffalo-Cheektowaga, NY MSA assessment area primarily supports this conclusion. The bank's performance in the NY Non-MSA was above the bank's performance in the NY rated area while the bank's performance in the Rochester, NY MSA is consistent with the overall rating.

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size within the NY rated area. Northwest's good performance of home mortgage lending in the Buffalo-Cheektowaga, NY MSA assessment area primarily supports this conclusion. The bank's performance in the NY Non-MSA was above the bank's performance in the NY rated area while the bank's performance in the Rochester, NY MSA is consistent with the overall rating.

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area.

Community Development Loans

Northwest makes a relatively high level of community development loans in the NY rated area. During the evaluation period, the bank originated 56 loans for \$57.8 million in the rated area. This level of activity is below the prior evaluation, which reported 173 loans totaling \$86.0 million. A majority of the community development loans (by dollar amount) support economic development followed by affordable housing and community development services within the rated area. The following table illustrates the community development lending activity by assessment area and purpose.

Community Development Lending New York State Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Buffalo-Cheektowaga, NY MSA	15	10,432	7	10,171	3	11,175	6	2,247	31	34,025
NY Non-MSA	1	520	3	55	0	0	12	4,274	16	4,849
Rochester, NY MSA	2	531	1	85	0	0	1	85	4	701
NY Statewide	3	3,000	0	0	2	15,266	0	0	5	18,266
Total	21	14,483	11	10,311	5	26,441	19	6,606	56	57,841
<i>Source: Bank Data</i>										

For additional details on community development loans, please refer to the individual assessment area sections.

INVESTMENT TEST

Northwest's Investment Test rating is "High Satisfactory" in the NY rated area. The bank's good performance in the Investment and Grant Activity criterion supports this conclusion. Examiners gave most weight to the bank's performance in the Buffalo-Cheektowaga, NY MSA assessment area. The bank's performance in the NY Non-MSA and Rochester, NY MSA assessment areas are consistent with its performance in the NY rated area.

Investment and Grant Activity

Northwest has a significant level of qualified community development investments and donations in the NY rated area. Northwest made qualified investments and donations totaling \$17.9 million. By dollar volume, this level represents 23.2 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the NY rated area significantly exceeds that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$9.3 million within the NY rated area. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

<p style="text-align: center;">Qualified Investments New York State Rated Area</p>										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Buffalo-Cheektowaga, NY MSA	10	5,285	43	413	8	59	3	60	64	5,817
NY Non-MSA	4	361	7	3,022	0	0	0	0	11	3,383
Rochester, NY MSA	6	3,837	5	12	0	0	0	0	11	3,849
Prior Period Statewide	--	4,861	0	0	0	0	0	0	--	4,861
Total	--	14,344	55	3,447	8	59	3	60	--	17,910
Source: Bank Data. "--" data not available										

Prior Period Investments

Northwest maintained various MBSs totaling \$4.9 million that benefitted low- and moderate-income families within the NY rated area.

New Investments

During the review period, Northwest purchased 18 FNMA, Freddie Mac and GNMA MBS with \$9.3 million benefitting low- and moderate-income families within the NY rated area.

Responsiveness to Credit and Community Development Needs

Northwest 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 dollar amount, to affordable housing.

Community Development Initiatives

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

SERVICE TEST

The bank's Service 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 NY rating.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the institution's NY rated area. Northwest serves the NY rated area with 27 full-service branches, including 20 in the Buffalo-Cheektowaga, NY MSA assessment area; 5 in the NY Non-MSA assessment area; and 2 in the Rochester, NY MSA assessment area. The branch distribution and alternative delivery systems for the NY rated area are consistent with the institution overall. For additional information on the distribution of branches and ATMs, refer to the individual assessment areas under the Service Test.

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 evaluation period, the bank closed eight branches in NY: four in middle-income areas, three in upper-income areas, and one in a census tract with an unknown income. Additional details are contained within the sections for the individual assessment areas.

Net Distribution of Branch Openings/Closings							
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)				
			Low	Moderate	Middle	Upper	NA
Buffalo-Cheektowaga, NY MSA	0	5	0	0	-2	-2	-1
NY Non-MSA	0	1	0	0	-1	0	0
Rochester, NY MSA	0	2	0	0	-1	-1	0
Total	0	8	0	0	-4	-3	-1

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the NY rated area are consistent with institution overall.

Community Development Services

Northwest provided a high level of community development services within its NY combined assessment area. Northwest also partnered with EVERFI to provide online financial education programs to students across numerous NY Counties. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided 6,427 hours of community development service hours to more than 32 community development organizations in the bank's NY combined assessment area during the review period. The bank's community development service hours decreased from the prior evaluation period during where the bank provided 9,833 hours of service within its NY assessment areas. 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 New York State Rated Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Buffalo-Cheektowaga, NY MSA	591	2,943	96	56	3,686
NY Non-MSA	0	732	15	0	747
Rochester, NY MSA	48	1,946	0	0	1,994
Statewide	0	0	0	0	0
Total	639	5,621	111	56	6,427
<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

The Buffalo-Cheektowaga, NY MSA assessment area includes Erie and Niagara Counties in the Buffalo-Cheektowaga, NY MSA #15380. The bank operates 20 full service branch offices within this assessment area. There has been no changes to this assessment area since the previous CRA evaluation. The bank’s operations in the assessment area represent 17.7 percent of total in-assessment area lending (by number), 20.0 percent of total deposits, and 14.9 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 299 census tracts reflecting the following income designations according to the 2015 ACS:

- 46 low-income census tracts,
- 54 moderate-income census tracts,
- 119 middle-income census tracts,
- 70 upper-income census tracts, and
- 10 census tracts with no income designation.

For 2022, the same assessment area included 327 census tracts reflecting the following income designations according to the 2020 Census data:

- 45 low-income census tracts,
- 66 moderate-income census tracts,
- 129 middle-income census tracts,
- 74 upper-income census tracts, and
- 13 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Buffalo-Cheektowaga, NY MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	327	13.8	20.2	39.4	22.6	4.0
Population by Geography	1,166,902	11.2	16.8	42.1	28.3	1.6
Housing Units by Geography	530,247	11.2	18.0	43.3	26.7	0.8
Owner-Occupied Units by Geography	319,246	5.3	13.9	47.6	32.8	0.4
Occupied Rental Units by Geography	163,686	19.4	24.2	37.2	18.0	1.3
Vacant Units by Geography	47,315	23.4	24.2	34.8	15.7	2.0
Businesses by Geography	94,360	8.2	15.2	41.3	32.3	2.9
Farms by Geography	2,407	2.8	9.6	48.8	37.9	0.9
Family Distribution by Income Level	283,682	22.1	16.9	20.9	40.1	0.0
Household Distribution by Income Level	482,932	25.3	15.5	16.9	42.3	0.0
Median Family Income - 15380 Buffalo-Cheektowaga, NY MSA		\$79,486	Median Housing Value			\$160,216
Families Below Poverty Level		9.5%	Median Gross Rent			\$841
Source: 2020 U.S. Census and 2022 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.						

There are 530,247 housing units in the assessment area. Of these units, 60.2 percent are owner-occupied, 30.0 percent are rental occupied, and 9.2 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 5.3 percent and 13.9 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Buffalo-Cheektowaga, NY MSA Median Family Income (15380)				
2020 (\$77,600)	<\$38,800	\$38,800 to <\$62,080	\$62,080 to <\$93,120	≥\$93,120
2021 (\$78,900)	<\$39,450	\$39,450 to <\$63,120	\$63,120 to <\$94,680	≥\$94,680
2022 (\$87,700)	<\$43,850	\$43,850 to <\$70,160	\$70,160 to <\$105,240	≥\$105,240
Source: FFIEC				

According to 2022 D&B data, there were 94,360 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 85.2 percent had GARs of \$1.0 million or less;

- 4.7 percent had GARs of more than \$1.0 million; and
- 10.1 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 37.6 percent, followed by non-classifiable establishments (21.2 percent), retail trade (12.5 percent), and finance, insurance, and real estate (8.7 percent). Most businesses have four or fewer employees (60.0 percent) and operate at a single location (89.9 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 18 financial institutions operated 241 full-service offices in the assessment area. Of these institutions, Northwest ranked 5th with a 3.9 percent deposit market share. The top three ranked institutions based on deposit market share were Manufacturers and Traders Trust Company (63.3 percent), KeyBank, NA (11.8), and Bank of America, NA (5.5 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 291 lenders originated or purchased 39,359 home mortgage loans. Of these lenders, Northwest ranked 7th by number of originations and purchases capturing 4.5 percent of total market share. The top three ranked mortgage lenders in the assessment area were M&T Bank (12.6 percent), Rocket Mortgage (10.5 percent), and KeyBank, NA (8.9).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 124 lenders originated or purchased 26,274 small business loans. Of these lenders, Northwest ranked 11th by number of originations and purchases capturing 2.7 percent of total market share. The top three ranked small business lenders in the assessment area were American Express National Bank (15.4 percent), M&T Bank (14.3 percent), and KeyBank, NA (10.6 percent).

Community Contact

Examiners reviewed a recently conducted community contact of a nonprofit, dedicated to breaking the cycle of poverty in southwest NY. According to the contact, the greatest need is additional outreach to the low- and moderate-income communities outside of the Buffalo metro area, which is already heavily served by large financial institutions. The contact also indicated a need for home improvement lending as well as affordable auto lending due to the large commuter workforce.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, bank management, and the demographic and economic data, the most urgent and ongoing credit needs in the assessment area are home improvement loans, as well as affordable automobile financing, particularly for low- and moderate-income individuals and families. Access to reliable transportation is vital for local rural residents,

since they must commute to Buffalo and the surrounding suburbs for a majority of employment opportunities.

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

LENDING TEST

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

Lending Activity

Lending levels reflect excellent responsiveness to the Buffalo-Cheektowaga, NY MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 1,838 home mortgage loans totaling \$333.4 million in 2020; 1,747 loans totaling \$331.3 million in 2021; and 1,291 loans totaling \$240.9 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest captured 4.5 percent of total market share by number of loans, ranking 7th among 291 lenders that made 39,359 loans in the assessment area. The top ranked lenders included large national banks and mortgage corporations.

Small Business Loans

Northwest originated 1,004 small business loans totaling \$97.6 million in 2020; 715 loans totaling \$63.2 million in 2021; and 192 loans totaling \$21.6 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest captured 2.7 percent of total market share by number of loans, ranking 11th among 124 small business loan reporters that made 26,274 loans in the assessment area. The top ranked lenders included business credit card lenders and large national banks.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts slightly trailed aggregate data in 2020 and 2021, and trailed demographic data throughout the review period. The opportunity to lend in low-income census tracts is limited as only 6.9 percent, 6.9 percent, and 5.3 percent of owner-occupied housing units are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts also

slightly trailed aggregate data in 2020 and 2021, and trailed demographic data throughout the review period.

Market share data further supports the bank's good performance. Of the 291 HMDA reporters that made loans in the assessment area in 2021, only 113 made loans in a low-income census tract. Northwest ranked 7th in lending in low-income census tracts with a 3.6 percent market share. The top three lenders in such tracts were M&T Bank, Rocket Mortgage, and KeyBank, N.A. Furthermore, 141 HMDA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 6th in lending in moderate-income census tracts with a 3.4 percent market share. The top three lenders were M&T Bank, Citizens Bank, N.A., and Rocket Mortgage.

Geographic Distribution of Home Mortgage Loans Buffalo-Cheektowaga, NY MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	6.9	3.6	56	3.0	6,758	2.0
2021	6.9	4.0	55	3.1	6,844	2.1
2022	5.3	--	29	2.2	3,745	1.6
Moderate						
2020	11.4	8.3	134	7.3	18,006	5.4
2021	11.4	9.4	124	7.1	14,447	4.4
2022	14.0	--	124	9.6	16,475	6.8
Middle						
2020	43.8	42.0	678	36.9	102,888	30.9
2021	43.8	43.8	665	38.1	104,154	31.4
2022	47.6	--	570	44.2	86,790	36.0
Upper						
2020	37.9	46.1	970	52.8	205,716	61.7
2021	37.9	42.8	902	51.6	205,364	62.0
2022	32.8	--	563	43.6	133,182	55.3
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.1	1	0.1	500	0.2
2022	0.4	--	5	0.4	714	0.3
Totals						
2020	100.0	100.0	1,838	100.0	333,369	100.0
2021	100.0	100.0	1,747	100.0	331,309	100.0
2022	100.0	--	1,291	100.0	240,905	100.0
<i>Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available.</i> <i>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. As shown in the following table, the bank's performance in low-income census tracts trailed 2020 and 2021 aggregate and demographic data. The bank's performance in 2022 in low-income census tracts improved and was similar to demographic data. The opportunity to lend in low-income census tracts is limited as only 9.6 percent, 10.5 percent, and 8.2 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts was similar to 2020 and 2021 aggregate and demographic data. The bank's performance in 2022 in moderate-income census tracts slightly trailed demographic data.

Market share data further supports the bank's good performance. Of the 124 CRA reporters that made loans in the assessment area in 2021, only 61 made loans in a low-income census tract. Northwest ranked 13th in lending in low-income census tracts with a 1.5 percent market share. The top three lenders in such tracts were American Express National Bank, M&T Bank, and Bank of America, N.A. Furthermore, 69 CRA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 11th in lending in moderate-income census tracts with a 2.7 percent market share. The top three lenders were M&T Bank, American Express National Bank, and KeyBank, N.A.

Geographic Distribution of Small Business Loans Buffalo-Cheektowaga, NY MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	9.6	9.0	67	6.7	5,491	5.6
2021	10.5	10.1	40	5.6	3,002	4.8
2022	8.2	--	17	8.9	1,688	7.8
Moderate						
2020	12.0	11.2	125	12.4	14,256	14.6
2021	12.2	11.7	84	11.7	9,520	15.1
2022	15.2	--	26	13.5	3,432	15.9
Middle						
2020	36.7	36.3	308	30.7	27,922	28.6
2021	35.6	35.4	229	32.0	21,527	34.1
2022	41.3	--	91	47.4	10,229	47.4
Upper						
2020	38.0	40.7	437	43.5	37,863	38.8
2021	37.7	40.2	313	43.8	22,751	36.0
2022	32.3	--	56	29.2	6,128	28.4
Not Available						
2020	3.7	2.8	67	6.7	12,065	12.4
2021	4.0	2.6	49	6.9	6,378	10.1
2022	2.9	--	2	1.0	104	0.5
Totals						
2020	100.0	100.0	1,004	100.0	97,597	100.0
2021	100.0	100.0	715	100.0	63,178	100.0
2022	100.0	--	192	100.0	21,581	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size. Northwest's good performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of home mortgage lending to low-income borrowers was similar to aggregate data for 2020 and 2021 and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$160,216. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of home mortgage lending to moderate-income borrowers slightly trailed 2020 and 2021 aggregate data, and exceeded demographic data throughout the review period.

Market share data further supports the bank's good performance. Of the 291 HMDA reporters that made loans in the assessment area in 2021, 113 made loans to a low-income borrower. Northwest ranked 7th in lending to low-income borrowers with a 3.6 percent market share. The top three lenders to such borrowers were M&T Bank, Citizens Bank, N.A., and Rocket Mortgage. Furthermore, 150 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 7th in lending to moderate-income borrowers with a 4.5 percent market share. The top three lenders were M&T Bank, Rocket Mortgage, and KeyBank, N.A.

Distribution of Home Mortgage Loans by Borrower Income Level Buffalo-Cheektowaga, NY MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	22.2	6.6	118	6.4	9,115	2.7
2021	22.2	7.8	114	6.5	9,721	2.9
2022	22.1	--	125	9.7	10,360	4.3
Moderate						
2020	16.6	19.8	318	17.3	34,076	10.2
2021	16.6	20.8	330	18.9	37,121	11.2
2022	16.9	--	260	20.1	30,087	12.5
Middle						
2020	20.3	22.2	426	23.2	57,749	17.3
2021	20.3	23.1	423	24.2	62,368	18.8
2022	20.9	--	303	23.5	43,069	17.9
Upper						
2020	40.9	35.7	899	48.9	192,401	57.7
2021	40.9	34.1	814	46.6	201,839	60.9
2022	40.1	--	560	43.4	145,671	60.5
Not Available						
2020	0.0	15.7	77	4.2	40,027	12.0
2021	0.0	14.2	66	3.8	20,260	6.1
2022	0.0	--	43	3.3	11,718	4.9
Totals						
2020	100.0	100.0	1,838	100.0	333,369	100.0
2021	100.0	100.0	1,747	100.0	331,309	100.0
2022	100.0	--	1,291	100.0	240,905	100.0
Source: 2015 ACS, U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 33.0 percent and 63.6 percent of these loans to

businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Market share data further supports the bank's adequate performance. Of the 124 CRA reporters that made loans in the assessment area in 2021, 64 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 15th in lending to businesses with GAR of \$1.0 million or less with a 0.9 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were Bank of America, N.A., KeyBank, N.A., and M&T Bank.

Distribution of Small Business Loans by Gross Annual Revenue Category Buffalo-Cheektowaga, NY MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	83.5	38.5	75	7.5	12,820	13.1
2021	84.7	43.1	105	14.7	9,538	15.1
2022	85.2	--	132	68.8	10,792	50.0
>\$1,000,000						
2020	5.8	--	47	4.7	9,100	9.3
2021	5.0	--	38	5.3	9,096	14.4
2022	4.7	--	60	31.3	10,789	50.0
Revenue Not Available						
2020	10.7	--	882	87.8	75,677	77.5
2021	10.3	--	572	80.0	44,544	70.5
2022	10.1	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	1,004	100.0	97,597	100.0
2021	100.0	100.0	715	100.0	63,178	100.0
2022	100.0	--	192	100.0	21,581	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area.

Community Development Loans

Northwest made a relatively high level of community development loans. The bank originated 31 community development loans totaling \$34.0 million during the evaluation period that specifically benefit the assessment area. The number and dollar volume of community development loans has decreased since the previous evaluation. Specifically, Northwest's prior evaluation included 54 community development loans totaling approximately \$47.0 million compared to the current

evaluation. The following table illustrates the bank’s community development lending activity by year and purpose.

Community Development Lending Buffalo-Cheektowaga, NY MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	3	2,831	2	2,400	1	8,125	0	0	6	13,356
2021	8	6,789	3	2,369	0	0	6	2,247	17	11,405
2022	2	500	2	5,402	2	3,050	0	0	6	8,952
1/1/2023 – 7/10/2023	2	312	0	0	0	0	0	0	2	312
Total	15	10,432	7	10,171	3	11,175	6	2,247	31	34,025
<i>Source: Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2021, Northwest originated five PPP loans totaling \$247,110 to non-profit organizations located in low- or moderate-income census tracts. The bank originated one additional PPP loan totaling \$2.0 million to a business located in a moderate-income census tract. These loans revitalize or stabilize such census tracts by supporting non-profits and a business struggling during the COVID-19 pandemic.
- During the review period, Northwest originated 14 multifamily loans totaling \$8.9 million that supported affordable housing within the Buffalo-Cheektowaga, NY MSA assessment area. Each loan purchased, refinanced, or improved a multifamily dwelling with a majority of units with rents less than HUD fair market rent for the county.
- In 2022, the bank originated a \$5.4 million loan to a community health center delivering behavioral, mental, and addiction health services to the community at large, which are primarily recipients of Medicaid benefits. Being a multifaceted organization they also provide services in mitigating homelessness, to include 155 supportive housing units to simultaneously administer treatment and be a transition to stable housing; these efforts reached 341 persons in 2022. Elsewhere the organization provides pre-/post-natal care to women and mothers caring for children up to 11 years of age through a dedicated residence offering substance abuse treatment, community support, and vocational training.
- In 2020, Northwest made a \$1.5 million loan to an affordable housing project expected to construct eight units for low-/moderate-income persons or families. The organization operates an emergency women and children’s shelter mitigating homelessness in the Buffalo, NY area. The funding is for longer-term transitional housing to provide support in seeking permanent housing solutions.

INVESTMENT TEST

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

Investment and Grant Activity

Northwest has a significant level of qualified community development investments and donations. During the evaluation period, Northwest purchased equity investments totaling \$5.2 million that benefitted low- and moderate-income families within the Buffalo-Cheektowaga, NY MSA assessment area and made 64 qualified donations totaling \$626,690. By dollar volume, this level represents 7.5 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the Buffalo-Cheektowaga, NY MSA assessment area exceeded that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$5.0 million within the Buffalo-Cheektowaga, NY MSA assessment area. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments Buffalo-Cheektowaga, NY MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	--	1,500	0	0	0	0	0	0	--	1,500
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	--	3,691	0	0	0	0	0	0	--	3,691
Subtotal	--	5,191	0	0	0	0	0	0	--	5,191
Donations & Grants	10	94	43	413	8	59	3	60	64	626
Total	--	5,285	43	413	8	59	3	60	--	5,817
<i>Source: Bank Data. "--" data not available</i>										

New Investments

During the review period, Northwest purchased six FNMA, GNMA, and Freddie Mac MBSs with \$5.2 million benefitting 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 \$124,500 to an organization that provides affordable housing and community services targeted to low- and moderate-income individuals such as free tax preparation, rental counseling, and financial coaching. These donations support affordable housing and community services in the assessment area.
- The bank donated \$60,000 to an organization that provides multiple services targeted to low- and moderate-income individuals such as scholarships, housing development, and workforce development. These donations support community development services in the assessment area.

Responsiveness to Credit and Community Development Needs

Northwest 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 dollar amount, to affordable housing.

Community Development Initiatives

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

SERVICE TEST

Northwest 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 accessible to essentially all portions of the institution's assessment area. As shown in the following table, the bank's branch distribution is below census tract and population distribution within low-income census tracts and the bank's ATM distribution is similar to census tract and population distribution within low-income census tracts. The bank's branch and ATM distribution is above the census tract and population distribution within moderate-income census tracts. The branch distribution and alternative delivery systems for the Buffalo-Cheektowaga, NY MSA assessment area is consistent with the NY rated area overall.

Branch and ATM Distribution by Geography Income Level Buffalo-Cheektowaga, NY MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	45	13.8	130,966	11.2	1	5.0	4	13.3
Moderate	66	20.2	195,882	16.8	5	25.0	7	23.3
Middle	129	39.4	491,016	42.1	9	45.0	12	40.0
Upper	74	22.6	330,052	28.3	5	25.0	7	23.3
NA	13	4.0	18,986	1.6	0	0.0	0	0.0
Total	327	100.0	1,166,902	100.0	20	100.0	30	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

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 evaluation period, the bank closed five branches within the Buffalo-Cheektowaga, NY MSA assessment area. The closures included two branches located in middle-income census tracts, two branches located in upper-income census tracts, and one branch located in a census tract with income unknown.

Net Distribution of Branch Openings/Closings							
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)				
			Low	Moderate	Middle	Upper	NA
Erie	0	5	0	0	-2	-2	-1
Niagara	0	0	0	0	0	0	0
Total	0	5	0	0	-2	-2	-1

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the Buffalo-Cheektowaga, NY MSA assessment area are consistent with the NY rated area overall.

Community Development Services

Northwest provides a relatively high level of community development services within its Buffalo-Cheektowaga, NY MSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Northwest also partnered with EVERFI to provide online financial education programs for students within this assessment area. Bank officers and employees provided community development services to approximately 23 community development organizations in the bank's Buffalo-Cheektowaga, NY 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 assessment area and purpose.

Community Development Services Buffalo-Cheektowaga, NY MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	93	90	12	32	227
2021	328	2,376	14	24	2,742
2022	60	252	46	0	358
1/1/2023 – 7/10/2023	110	225	24	0	359
Total	591	2,943	96	56	3,686
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- A bank employee served as Board member for a non-profit organization that helps people overcome poverty, addiction, and economic hardship through a range of social services such as providing food, emergency disaster relief, rehabilitation services, clothing and shelter.
- During the evaluation period, a bank employee served as a Board member for a non-profit organization that serves homeless families in Western NY by offering emergency housing and support.

NY NON-MSA ASSESSMENT AREA – Full-Scope Review

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

The NY Non-MSA assessment area includes Cattaraugus and Chautauqua Counties, which are not located in an MSA. This assessment area has changed since the previous CRA evaluation and now includes all census tracts located in Cattaraugus County. The bank operates five full service branch offices within this assessment area. The bank’s operations in the assessment area represent 3.3 percent of total in-assessment area lending (by number), 2.6 percent of total deposits, and 3.7 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 57 census tracts reflecting the following income designations according to the 2015 ACS:

- 3 low-income census tracts,
- 6 moderate-income census tracts,
- 44 middle-income census tracts,
- 2 upper-income census tracts, and
- 2 census tracts with no income designation.

For 2022, the same assessment area included 61 census tracts reflecting the following income designations according to the 2020 Census data:

- 2 low-income census tracts,
- 14 moderate-income census tracts,
- 39 middle-income census tracts,
- 4 upper-income census tracts, and
- 2 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the NY Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	61	3.3	23.0	63.9	6.6	3.3
Population by Geography	204,699	3.3	21.4	68.7	6.5	0.0
Housing Units by Geography	109,337	3.8	18.6	72.5	5.2	0.0
Owner-Occupied Units by Geography	59,885	1.1	16.6	75.7	6.6	0.0
Occupied Rental Units by Geography	25,739	11.5	30.0	53.5	5.0	0.0
Vacant Units by Geography	23,713	2.4	11.1	84.8	1.8	0.0
Businesses by Geography	13,017	7.6	16.7	69.9	5.8	0.0
Farms by Geography	828	0.5	6.0	88.4	5.1	0.0
Family Distribution by Income Level	52,811	23.5	19.0	22.4	35.2	0.0
Household Distribution by Income Level	85,624	28.7	16.7	17.7	36.9	0.0
Median Family Income Non-MSAs - NY		\$69,021	Median Housing Value			\$98,489
Families Below Poverty Level		11.8%	Median Gross Rent			\$672
Source: 2020 U.S. Census and 2022 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.						

There are 109,337 housing units in the assessment area. Of these units, 54.8 percent are owner-occupied, 23.5 percent are rental occupied, and 21.7 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 1.1 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 16.6 percent of owner-occupied housing units are in moderate-income census tracts.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
NY Non-MSA Median Family Income (99999)				
2020 (\$67,200)	<\$33,600	\$33,600 to <\$53,760	\$53,760 to <\$80,640	≥\$80,640
2021 (\$69,400)	<\$34,700	\$34,700 to <\$55,520	\$55,520 to <\$83,280	≥\$83,280
2022 (\$76,700)	<\$38,350	\$38,350 to <\$61,360	\$61,360 to <\$92,040	≥\$92,040
Source: FFIEC				

According to 2022 D&B data, there were 13,017 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 80.4 percent had GARs of \$1.0 million or less;

- 5.2 percent had GARs of more than \$1.0 million; and
- 14.4 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 36.9 percent, followed by retail trade (14.4 percent), non-classifiable establishments (14.2 percent), and finance, insurance, and real estate (7.1 percent). Most businesses have four or fewer employees (63.0 percent) and operate at a single location (86.6 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 11 financial institutions operated 59 full-service offices in the assessment area. Of these institutions, Northwest ranked 5th with a 9.0 percent deposit market share. The top three ranked institutions based on deposit market share were Community Bank, NA (36.5 percent), Manufacturers and Traders Trust Company (13.9 percent), and Keybank, NA (10.6 percent).

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 291 lenders originated or purchased 39,359 home mortgage loans. Of these lenders, Northwest ranked 7th by number of originations and purchases capturing 4.5 percent of total market share. The top three ranked mortgage lenders in the assessment area were Community Bank, NA (18.4 percent), Rocket Mortgage (12.3 percent), and M&T Bank (10.9 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 72 lenders originated or purchased 2,968 small business loans. Of these lenders, Northwest ranked 6th by number of originations and purchases capturing 6.0 percent of total market share. The top three ranked small business lenders in the assessment area were M&T Bank (14.4 percent), American Express National Bank (13.2 percent), and Community Bank, NA (8.3 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN NY NON-MSA ASSESSMENT AREA

LENDING TEST

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

Lending Activity

Lending levels reflect excellent responsiveness to the NY Non-MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 261 home mortgage loans totaling \$33.5 million in 2020; 287 loans totaling \$36.0 million in 2021; and 237 loans totaling \$29.8 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest Bank captured 6.4 percent of total market share by number of loans, ranking 4th among 155 lenders that made 4,533 loans in the assessment area. Other top ranked lenders included large national banks and a mortgage corporation.

Small Business Loans

Northwest originated 245 small business loans totaling \$22.2 million in 2020; 178 loans totaling \$14.6 million in 2021; and 52 loans totaling \$4.9 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest Bank captured 6.0 percent of total market share by number of loans, ranking 6th among 72 small business loan reporters that made 2,968 loans in the assessment area. The top ranked lenders included large national banks and business credit card lenders.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the assessment area. Northwest's excellent performance of home mortgage and small business lending supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts was similar to 2020 and 2021 aggregate data and similar to demographic data throughout the review period. The opportunity to lend in low-income census tracts is very limited as only 1.0 percent, 1.0 percent, and 1.1 percent of owner-occupied housing units are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts was similar to aggregate data in 2020, and slightly exceeded aggregate data in 2021. The bank's performance in moderate-income census tracts slightly trailed 2020 and 2021 demographic data, and slightly exceeded 2022 demographic data.

Market share data further supports the bank's excellent performance. Of the 155 HMDA reporters that made loans in the assessment area in 2021, only 13 made loans in a low-income census tract. Northwest tied for 1st place in lending in low-income census tracts with a 13.6 percent market share. The other two top lenders in such tracts were KeyBank, N.A. and Lake Shore Savings Bank. Furthermore, 37 HMDA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 4th in lending in moderate-income census tracts with an 8.2 percent market share. The top three lenders were Community Bank, M&T Bank, and Rocket Mortgage.

Geographic Distribution of Home Mortgage Loans NY Non-MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	1.0	0.7	2	0.8	46	0.1
2021	1.0	0.5	3	1.0	98	0.3
2022	1.1	--	2	0.8	132	0.4
Moderate						
2020	8.7	6.0	17	6.5	1,666	5.0
2021	8.7	6.0	22	7.7	1,631	4.5
2022	16.6	--	41	17.3	3,330	11.2
Middle						
2020	88.3	91.0	232	88.9	31,074	92.6
2021	88.3	91.5	250	87.1	32,898	91.3
2022	75.7	--	192	81.0	26,187	87.8
Upper						
2020	2.0	2.4	10	3.8	755	2.3
2021	2.0	2.1	12	4.2	1,409	3.9
2022	6.6	--	2	0.8	186	0.6
Totals						
2020	100.0	100.0	261	100.0	33,541	100.0
2021	100.0	100.0	287	100.0	36,037	100.0
2022	100.0	--	237	100.0	29,835	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts greatly exceeded 2020 and 2021 aggregate and demographic data. The bank's performance in 2022 in low-income census tracts declined and trailed demographic data. The opportunity to lend in low-income census tracts is limited as only 7.0 percent, 6.7 percent, and 7.6 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts exceeded 2020 and 2021 aggregate and demographic data. The bank's performance in 2022 in moderate-income census tracts trailed demographic data.

Market share data further supports the bank's excellent performance. Of the 72 CRA reporters that made loans in the assessment area in 2021, only 30 made loans in a low-income census tract. Northwest ranked 3rd in lending in low-income census tracts with a 13.3 percent market share. The other top two lenders in such tracts were M&T Bank and American Express National Bank. Furthermore, 40 CRA reporters made loans in a moderate-income census tract in the assessment

area in 2021. Northwest ranked 3rd in lending in moderate-income census tracts with a 9.0 percent market share. The other top two lenders were American Express National Bank and Community Bank, N.A.

Geographic Distribution of Small Business Loans						
NY Non-MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	7.0	6.2	42	17.1	4,669	21.0
2021	6.7	6.1	24	13.5	2,843	19.5
2022	7.6	--	1	1.9	5	0.1
Moderate						
2020	10.7	9.4	29	11.8	2,606	11.7
2021	11.0	9.4	25	14.0	1,500	10.3
2022	16.7	--	7	13.5	930	18.9
Middle						
2020	79.6	82.1	159	64.9	13,713	61.7
2021	79.7	82.2	116	65.2	9,631	66.0
2022	69.9	--	44	84.6	3,981	81.0
Upper						
2020	2.7	2.3	15	6.1	1,249	5.6
2021	2.6	2.3	13	7.3	626	4.3
2022	5.8	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	245	100.0	22,237	100.0
2021	100.0	100.0	178	100.0	14,600	100.0
2022	100.0	--	52	100.0	4,916	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size. Northwest's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of home mortgage lending to low-income borrowers exceeded 2020 aggregate data and slightly trailed 2021 aggregate data. The bank's performance trailed demographic data throughout the review period. Some low-income families in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$98,489. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of home mortgage lending to moderate-income borrowers trailed 2020 aggregate data, and exceeded 2021 aggregate data. The bank's performance in moderate-income census tracts in 2022 exceeded demographic data.

Market share data further supports the bank's excellent performance. Of the 155 HMDA reporters that made loans in the assessment area in 2021, 44 made loans to a low-income borrower. Northwest ranked 5th in lending to low-income borrowers with a 6.6 percent market share. The top three lenders to such borrowers were Community Bank, N.A., M&T Bank, and Rocket Mortgage. Furthermore, 74 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 4th in lending to moderate-income borrowers with a 6.8 percent market share. The top three lenders were Community Bank, N.A., Rocket Mortgage, and M&T Bank.

Distribution of Home Mortgage Loans by Borrower Income Level NY Non-MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	24.4	7.4	26	10.0	1,379	4.1
2021	24.4	9.4	28	9.8	1,724	4.8
2022	23.5	--	33	13.9	1,891	6.3
Moderate						
2020	18.8	19.3	41	15.7	3,545	10.6
2021	18.8	21.0	65	22.6	5,035	14.0
2022	19.0	--	57	24.1	4,717	15.8
Middle						
2020	21.8	20.9	45	17.2	4,224	12.6
2021	21.8	21.3	54	18.8	5,392	15.0
2022	22.4	--	50	21.1	5,747	19.3
Upper						
2020	35.1	38.5	130	49.8	22,206	66.2
2021	35.1	36.6	120	41.8	21,514	59.7
2022	35.2	--	80	33.8	15,193	50.9
Not Available						
2020	0.0	13.9	19	7.3	2,187	6.5
2021	0.0	11.8	20	7.0	2,372	6.6
2022	0.0	--	17	7.2	2,287	7.7
Totals						
2020	100.0	100.0	261	100.0	33,541	100.0
2021	100.0	100.0	287	100.0	36,037	100.0
2022	100.0	--	237	100.0	29,835	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 23.0 percent and 59.3 percent of these loans to

businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is good.

Market share data further supports the bank's good performance. Of the 72 CRA reporters that made loans in the assessment area in 2021, only 36 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 10th in lending to businesses with GAR of \$1.0 million or less with a 3.9 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were M&T Bank, Citibank, N.A., and Synchrony Bank.

Distribution of Small Business Loans by Gross Annual Revenue Category NY Non-MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	79.0	30.9	23	9.4	1,449	6.5
2021	80.0	41.2	48	27.0	3,702	25.4
2022	80.4	--	39	75.0	2,818	57.3
>\$1,000,000						
2020	6.1	--	36	14.7	5,070	22.8
2021	5.6	--	18	10.1	2,259	15.5
2022	5.2	--	13	25.0	2,098	42.7
Revenue Not Available						
2020	14.9	--	186	75.9	15,718	70.7
2021	14.4	--	112	62.9	8,639	59.2
2022	14.4	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	245	100.0	22,237	100.0
2021	100.0	100.0	178	100.0	14,600	100.0
2022	100.0	--	52	100.0	4,916	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Community Development Loans

Northwest has made a relatively high level of community development loans. The bank originated 16 community development loans totaling \$4.8 million during the evaluation period that specifically benefitted the assessment area. This level of lending decreased by dollar volume since the previous evaluation where the bank originated 9 community development loans totaling \$6.4 million. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending NY Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	2	2,234	2	2,234
2021	1	520	3	55	0	0	10	2,040	14	2,615
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	0	0	0	0	0	0	0	0	0	0
Total	1	520	3	55	0	0	12	4,274	16	4,849
<i>Source: Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2021, Northwest originated 10 PPP loans totaling \$784,273 to non-profit organizations located in low- or moderate-income census tracts. In 2021, the bank originated an additional PPP loan totaling \$1.3 million to a business located in a moderate-income census tract. These loans revitalize or stabilize such census tracts by supporting non-profits and a business struggling during the COVID-19 pandemic.
- In 2021, Northwest originated a \$520,000 multifamily loan that supported affordable housing within the NY Non-MSA assessment area. The loan purchased, refinanced, or improved a 15-unit multifamily dwelling. All units in the dwelling have rents less than HUD fair market rent for the county.
- In 2020, the bank made a \$2.2 million loan for a revitalization project of Jamestown, NY. The project is part of a broader state initiative to rehabilitate downtown areas of rural New York communities. This project funding is for improvements to the existing sports complex and arena, which is a recreational anchor and commerce extension of the Jamestown community. As a community anchor the anticipated projects of added hotel capacity and other ancillary retail service industries increases employment opportunities to the Jamestown area. The arena presently resides in a low-income census area.
- The bank made two loans for a total of \$35,000 in 2021 to a community service organization located in low-income census area of Jamestown, NY. The proceeds of the loan are for the purchase and implementation of a dedicated women and children's rescue mission. The organization presently operates an emergency men's shelter, free prepared meals, and hygiene facilities. Expansion of the services to a dedicated women and children's shelter will fill a specific need for safe quarters within the Jamestown area.

INVESTMENT TEST

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

Investment and Grant Activity

Northwest has a significant level of qualified community development investments and donations. During the evaluation period, Northwest purchased equity investments totaling \$3.3 million that benefitted low- and moderate-income families within the NY Non-MSA assessment area and made 11 qualified donations totaling \$115,314. By dollar volume, this level represents 5.1 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the NY Non-MSA assessment area significantly exceeded that of the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$214,799 within the NY Non-MSA assessment area. The following table illustrates the bank's current qualified investments and donations activity by year and community development purpose.

Qualified Investments NY Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	--	3,000	0	0	0	0	--	3,000
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	--	268	0	0	0	0	0	0	--	268
Subtotal	--	268	--	3,000	0	0	0	0	--	3,268
Donations & Grants	4	93	7	22	0	0	0	0	11	115
Total	--	361	--	3,022	0	0	0	0	--	3,383
<i>Source: Bank Data. "--" data not available</i>										

New Investments

In 2023, Northwest purchased a \$3.0 million school district municipal bond. All nine schools in this district have the majority of students receiving free or reduced price lunches.

During the review period, Northwest purchased two GNMA and Freddie Mac MBSs with \$268,183 benefitting low- and moderate-income families within the NY Non-MSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$88,414 to a non-profit organization focused on providing affordable housing and needed home repairs to low- and moderate-income residents of Chautauqua County. These donations support affordable housing in the assessment area.
- The bank donated \$7,000 to a non-profit organization that provides rental assistance and loan programs for low-income individuals. These include Section 8 housing subsidies and home appliance purchase loans at reduced interest rates. These donations support community services in the assessment area.

Responsiveness to Credit and Community Development Needs

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

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. Northwest's investments primarily include a municipal bond.

SERVICE TEST

Northwest 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 accessible to essentially all portions of the institution's assessment area. As shown in the following table, the bank's branch and ATM distribution is above census tract and population distribution within low-income census tracts. The bank's branch and ATM distribution is below the census tract and population distribution within moderate-income census tracts. The branch distribution and alternative delivery systems for the NY Non-MSA assessment area is consistent with the NY rated area overall.

Branch and ATM Distribution by Geography Income Level NY Non-MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	2	3.3	6,838	3.3	1	20.0	2	33.3
Moderate	14	23.0	43,886	21.4	0	0.0	0	0.0
Middle	39	63.9	140,710	68.7	4	80.0	4	66.7
Upper	4	6.6	13,252	6.5	0	0.0	0	0.0
NA	2	3.3	13	0.0	0	0.0	0	0.0
Total	61	100.0	204,699	100.0	5	100.0	6	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

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. During the evaluation period the bank closed its Olean (Cattaraugus County) branch located in a middle-income census tract.

Net Distribution of Branch Openings/Closings						
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Cattaraugus	0	1	0	0	-1	0
Chautaugua	0	0	0	0	0	0
Total	0	1	0	0	-1	0

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the NY Non-MSA assessment area are consistent with the NY rated area overall.

Community Development Services

Northwest provides a relatively high level of community development services within its NY Non-MSA assessment area. Northwest partnered with EVERFI to provide online financial education programs for students within this assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided community development services to approximately eight community development organizations in the bank's NY 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 assessment area and purpose.

Community Development Services NY Non-MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	0	55	0	0	55
2021	0	370	0	0	370
2022	0	243	0	0	243
1/1/2023 – 7/10/2023	0	64	15	0	79
Total	0	732	15	0	747
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- During the evaluation period, a bank employee served as a Board Member for a non-profit organization that serves homeless families in Western NY by offering emergency housing and support. This service supports community development services in the assessment area.
- During the evaluation period, a bank member served as a Board Member and Secretary for a Jamestown, NY non-profit organization which provides daily meals to individuals and families in need. This organization serves around 125 low- or moderate-income residents a day. This service supports community development services in the assessment area.

ROCHESTER, NY MSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ROCHESTER, NY MSA ASSESSMENT AREA

The Rochester, NY MSA assessment area includes Monroe County in the Rochester, NY MSA #40380. The bank operates two full service branch offices within this assessment area. This assessment area has not changed since the previous CRA evaluation. The bank’s operations in the assessment area represent 1.3 percent of total in-assessment area lending (by number), 0.7 percent of total deposits, and 1.5 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 193 census tracts reflecting the following income designations according to the 2015 ACS:

- 44 low-income census tracts,
- 29 moderate-income census tracts,
- 62 middle-income census tracts,
- 53 upper-income census tracts, and
- 5 census tracts with no income designation.

For 2022, the same assessment area included 211 census tracts reflecting the following income designations according to the 2020 Census data:

- 39 low-income census tracts,
- 34 moderate-income census tracts,
- 66 middle-income census tracts,
- 62 upper-income census tracts, and
- 10 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Rochester, NY MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	211	18.5	16.1	31.3	29.4	4.7
Population by Geography	759,443	13.3	15.5	35.3	34.8	1.2
Housing Units by Geography	329,105	13.3	17.4	36.7	31.7	0.9
Owner-Occupied Units by Geography	193,319	5.9	13.2	39.3	41.4	0.2
Occupied Rental Units by Geography	111,891	23.0	23.7	33.7	17.6	2.0
Vacant Units by Geography	23,895	27.3	22.0	29.5	19.3	1.9
Businesses by Geography	63,911	8.4	13.8	37.2	36.9	3.7
Farms by Geography	1,305	3.8	10.5	38.4	46.2	1.1
Family Distribution by Income Level	183,050	21.9	16.5	19.6	42.0	0.0
Household Distribution by Income Level	305,210	25.5	15.0	17.1	42.4	0.0
Median Family Income - 40380 Rochester, NY MSA		\$80,423	Median Housing Value			\$148,676
Families Below Poverty Level		9.7%	Median Gross Rent			\$950
Source: 2020 U.S. Census and 2022 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.						

There are 329,105 housing units in the assessment area. Of these units, 58.7 percent are owner-occupied, 34.0 percent are rental occupied, and 7.3 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 5.9 percent and 13.2 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Rochester, NY MSA Median Family Income (40380)				
2020 (\$76,200)	<\$38,100	\$38,100 to <\$60,960	\$60,960 to <\$91,440	≥\$91,440
2021 (\$82,900)	<\$41,450	\$41,450 to <\$66,320	\$66,320 to <\$99,480	≥\$99,480
2022 (\$91,200)	<\$45,600	\$45,600 to <\$72,960	\$72,960 to <\$109,440	≥\$109,440
Source: FFIEC				

According to 2022 D&B data, there were 63,911 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 86.3 percent had GARs of \$1.0 million or less;

- 4.5 percent had GARs of more than \$1.0 million; and
- 9.2 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 39.0 percent, followed by non-classifiable establishments (20.7 percent), retail trade (11.8 percent), and finance, insurance, and real estate (9.9 percent). Most businesses have four or fewer employees (61.3 percent) and operate at a single location (90.7 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ROCHESTER, NY MSA ASSESSMENT AREA

LENDING TEST

The bank's Lending Test performance in the assessment area is consistent with its performance in the NY rated area. This conclusion takes into account the bank's percentage of lending, deposits, and branches in the assessment area.

The following tables illustrate demographic and lending data for Geographic Distribution and Borrower Profile, upon which examiners based the Lending Test conclusion for this assessment area.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans Rochester, NY MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.1	3.6	23	14.7	1,633	4.0
2021	5.1	3.9	3	3.0	362	2.5
2022	5.9	--	6	7.3	533	1.2
Moderate						
2020	10.4	8.6	14	8.9	1,555	3.8
2021	10.4	9.9	13	12.9	1,405	9.7
2022	13.2	--	11	13.4	1,428	3.3
Middle						
2020	42.4	39.2	49	31.2	6,942	17.2
2021	42.4	41.9	50	49.5	7,086	48.7
2022	39.3	--	28	34.1	32,892	75.9
Upper						
2020	42.1	48.6	71	45.2	30,279	74.9
2021	42.1	44.3	35	34.7	5,706	39.2
2022	41.4	--	37	45.1	8,459	19.5
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	157	100.0	40,408	100.0
2021	100.0	100.0	101	100.0	14,559	100.0
2022	100.0	--	82	100.0	43,312	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Geographic Distribution of Small Business Loans						
Rochester, NY MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	12.5	11.0	6	8.1	269	4.8
2021	12.9	11.5	1	2.0	78	2.5
2022	8.4	--	0	0.0	0	0.0
Moderate						
2020	11.2	10.0	13	17.6	1,331	23.9
2021	11.4	10.3	10	20.0	443	14.2
2022	13.8	--	4	17.4	113	5.3
Middle						
2020	36.9	36.7	28	37.8	1,688	30.3
2021	36.1	37.5	24	48.0	1,505	48.4
2022	37.2	--	14	60.9	686	32.4
Upper						
2020	39.2	42.1	27	36.5	2,287	41.0
2021	39.5	40.6	15	30.0	1,086	34.9
2022	36.9	--	5	21.7	1,320	62.3
Not Available						
2020	0.3	0.1	0	0.0	0	0.0
2021	0.2	0.1	0	0.0	0	0.0
2022	3.7	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	74	100.0	5,575	100.0
2021	100.0	100.0	50	100.0	3,112	100.0
2022	100.0	--	23	100.0	2,119	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level Rochester, NY MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	22.0	6.9	12	7.6	1,177	2.9
2021	22.0	9.6	8	7.9	721	5.0
2022	21.9	--	8	9.8	943	2.2
Moderate						
2020	16.3	18.0	29	18.5	3,186	7.9
2021	16.3	22.2	26	25.7	3,593	24.7
2022	16.5	--	18	22.0	1,978	4.6
Middle						
2020	19.3	22.2	40	25.5	4,902	12.1
2021	19.3	22.6	25	24.8	2,939	20.2
2022	19.6	--	15	18.3	1,998	4.6
Upper						
2020	42.3	39.7	61	38.9	11,789	29.2
2021	42.3	32.9	40	39.6	6,958	47.8
2022	42.0	--	35	42.7	8,178	18.9
Not Available						
2020	0.0	13.1	15	9.6	19,355	47.9
2021	0.0	12.6	2	2.0	348	2.4
2022	0.0	--	6	7.3	30,215	69.8
Totals						
2020	100.0	100.0	157	100.0	40,408	100.0
2021	100.0	100.0	101	100.0	14,559	100.0
2022	100.0	--	82	100.0	43,312	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 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						
Rochester, NY MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	84.9	32.7	10	13.5	1,878	33.7
2021	86.0	40.4	16	32.0	1,102	35.4
2022	86.3	--	19	82.6	1,859	87.7
>\$1,000,000						
2020	5.6	--	8	10.8	955	17.1
2021	4.8	--	2	4.0	6	0.2
2022	4.5	--	4	17.4	260	12.3
Revenue Not Available						
2020	9.4	--	56	75.7	2,742	49.2
2021	9.2	--	32	64.0	2,004	64.4
2022	9.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	74	100.0	5,575	100.0
2021	100.0	100.0	50	100.0	3,112	100.0
2022	100.0	--	23	100.0	2,119	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Community Development Loans

Northwest's community development lending performance in the Rochester, NY MSA assessment area is below the bank's performance in the NY rated area. During the evaluation period, the bank made 4 community development loans totaling \$700,703 that primarily supported affordable housing efforts within the assessment area.

INVESTMENT TEST

Northwest's community development investment and donation performance in the Rochester, NY MSA assessment area is consistent with its performance in the NY rated area. During the evaluation period, Northwest purchased 10 FNMA, GNMA, and Freddie Mac MBSs with \$3.8 million benefitting low- and moderate-income families within the Rochester, NY MSA assessment area and made 11 qualified donations totaling \$30,007.

SERVICE TEST

Northwest's community development services performance in the Rochester, NY MSA assessment area is consistent with the bank's performance in the NY rated area. During the evaluation period, the bank closed two branches within this assessment area. The branches were located within middle-income and upper-income census tracts. Additionally, during the evaluation period, bank officers and employees provided 1,994 hours of community development services to community development organizations in the bank's Rochester, NY MSA assessment area.

OHIO

CRA RATING FOR OHIO: SATISFACTORY

The Lending Test is rated: Outstanding

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO

The evaluation for the State of OH considered the bank's operations in the Cleveland-Akron-Canton, OH CSA assessment area. Since the previous evaluation this assessment area has changed as the bank eliminated Ashtabula, Cuyahoga, and Lake Counties in OH. This assessment area includes Erie, Lorain, Portage, and Summit Counties. Portage and Summit Counties are in the Akron, OH MSA #10420, while Lorain County is in the Cleveland-Elyria, OH MSA #17460 and Erie County is not in an MSA. The three areas are part of the larger Cleveland-Akron-Canton, OH CSA #184. The bank operates 10 full service branch offices within this assessment area. The bank's operations in the assessment area represent 5.1 percent of total in-assessment area lending (by number), 8.0 percent of total deposits, and 7.5 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 263 census tracts reflecting the following income designations according to the 2015 ACS:

- 41 low-income census tracts,
- 56 moderate-income census tracts,
- 106 middle-income census tracts,
- 58 upper-income census tracts, and
- 2 census tracts with no income designation.

For 2022, the same assessment area included 276 census tracts reflecting the following income designations according to the 2020 Census data:

- 32 low-income census tracts,
- 57 moderate-income census tracts,

- 112 middle-income census tracts,
- 69 upper-income census tracts, and
- 6 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Cleveland-Akron-Canton, OH CSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	276	11.6	20.7	40.6	25.0	2.2
Population by Geography	1,090,805	8.1	17.9	41.3	31.3	1.4
Housing Units by Geography	485,461	9.0	20.2	41.6	28.2	0.9
Owner-Occupied Units by Geography	304,960	4.7	15.6	44.6	35.0	0.1
Occupied Rental Units by Geography	137,534	16.8	28.9	36.0	16.0	2.3
Vacant Units by Geography	42,967	14.6	25.3	38.7	19.0	2.5
Businesses by Geography	131,223	15.6	13.0	34.5	34.3	2.6
Farms by Geography	3,628	12.7	10.3	43.9	32.7	0.4
Family Distribution by Income Level	275,401	20.5	17.8	21.3	40.4	0.0
Household Distribution by Income Level	442,494	23.9	15.8	17.7	42.5	0.0
Median Family Income - 10420 Akron, OH MSA		\$76,842	Median Housing Value			\$152,755
Median Family Income - 17460 Cleveland-Elyria, OH MSA		\$76,766	Median Gross Rent			\$850
Median Family Income Non-MSAs - OH		\$66,684	Families Below Poverty Level			8.9%
Source: 2020 U.S. Census and 2022 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.						

There are 485,461 housing units in the assessment area. Of these units, 62.8 percent are owner-occupied, 28.3 percent are rental occupied, and 8.9 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 4.7 percent and 15.6 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

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)				
2020 (\$76,300)	<\$38,150	\$38,150 to <\$61,040	\$61,040 to <\$91,560	≥\$91,560
2021 (\$83,300)	<\$41,650	\$41,650 to <\$66,640	\$66,640 to <\$99,960	≥\$99,960
2022 (\$82,000)	<\$41,000	\$41,000 to <\$65,600	\$65,600 to <\$98,400	≥\$98,400
Cleveland-Elyria, OH MSA Median Family Income (17460)				
2020 (\$76,000)	<\$38,000	\$38,000 to <\$60,800	\$60,800 to <\$91,200	≥\$91,200
2021 (\$78,600)	<\$39,300	\$39,300 to <\$62,880	\$62,880 to <\$94,320	≥\$94,320
2022 (\$85,400)	<\$42,700	\$42,700 to <\$68,320	\$68,320 to <\$102,480	≥\$102,480
OH NA Median Family Income (99999)				
2020 (\$63,400)	<\$31,700	\$31,700 to <\$50,720	\$50,720 to <\$76,080	≥\$76,080
2021 (\$64,700)	<\$32,350	\$32,350 to <\$51,760	\$51,760 to <\$77,640	≥\$77,640
2022 (\$74,900)	<\$37,450	\$37,450 to <\$59,920	\$59,920 to <\$89,880	≥\$89,880
<i>Source: FFIEC</i>				

According to 2022 D&B data, there were 131,223 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 90.2 percent had GARs of \$1.0 million or less;
- 3.2 percent had GARs of more than \$1.0 million; and
- 6.6 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 32.4 percent, followed by non-classifiable establishments (29.7 percent), finance, insurance, and real estate (9.7 percent), and retail trade (9.2 percent). Most businesses have four or fewer employees (57.3 percent) and operate at a single location (93.3 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

During the evaluation period, the unemployment rates within the Cleveland-Akron OH CSA assessment area varied from a high of 24.5 percent in Erie County (April 2020) to a low of 3.2 percent in Portage County (April 2023). For every county within the Cleveland-Akron, OH CSA assessment area, unemployment rates peaked in April 2020. With the exception of Erie County (September 2022), all other counties reached their lowest levels in April or May of 2023. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. For the majority of the review period unemployment rates generally trended downward. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates				
Area	2020	2021	2022	May 2023
	%	%	%	%
Erie County, OH	7.7	4.6	4.6	4.0
Lorain County, OH	6.5	4.3	3.5	3.9
Portage County, OH	5.5	3.4	3.6	3.2
Summit County, OH	6.3	3.7	3.8	3.4
Ohio	6.3	4.2	4.1	3.6
National Average	6.7	3.9	3.5	3.6
<i>Source: Bureau of Labor Statistics (Year End).</i>				

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 32 financial institutions operated 256 full-service offices in the assessment area. Of these institutions, Northwest ranked 6th with a 3.6 percent deposit market share. The top three ranked institutions based on deposit market share were The Huntington National Bank (26.9 percent), JPMorgan Chase Bank, NA (13.4 percent), and PNC Bank, NA (12.0 percent).

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 486 lenders originated or purchased 57,023 home mortgage loans. Of these lenders, Northwest ranked 29th by number of originations and purchases capturing 0.8 percent of total market share. The top three ranked mortgage lenders in the assessment area were The Huntington National Bank (9.8 percent), Rocket Mortgage (8.8 percent), and Third Federal Savings and Loan (5.1 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 72 lenders originated or purchased 2,968 small business loans. Of these lenders, Northwest ranked 6th by number of originations and purchases capturing 6.0 percent of total market share. The top three ranked small business lenders in the assessment area were American Express National Bank (15.7 percent), JPMorgan Chase Bank, NA (14.1 percent), and The Huntington National Bank (11.9 percent).

Community Contact(s)

Examiners reviewed a community contact of a local Stark County, OH based community action agency. The organization's primary focus is workforce development and providing direct assistance in the efforts to make low- and moderate-income individuals and families self-sufficient. The contact sees an immediate community need to focus efforts exclusively on adult financial education, particularly for those individuals with troubled credit histories needing guidance to rehabilitate their credit standing among reporting agencies. Furthermore, the need for affordable housing is a prevalent issue. The contact states there are innovative opportunities to rezone and repurpose vacant commercial space into affordable housing, as well as provide credit to

homeowners in an effort to rehabilitate current housing stock fallen into disrepair. Finally, the contact has identified food deserts in low- and moderate-income areas.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans represent the primary credit needs for the Cleveland-Akron-Canton, OH CSA assessment area. Affordable housing is a critical community development need throughout the Cleveland-Akron-Canton, OH CSA assessment area, with the demand for affordable housing outweighing the current supply.

SCOPE OF EVALUATION – OHIO

This portion of the evaluation considers activity within the Cleveland-Akron-Canton, OH CSA assessment area. Please refer to the overall Scope of Evaluation section for information on products and timeframe reviewed. Examiners used full-scope examination procedures to evaluate the bank's performance in the Cleveland-Akron-Canton, OH CSA assessment area. Because the bank only operates within the Cleveland-Akron-Canton, OH CSA assessment area within the state of OH, examiners will refer this area as the OH rated area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OHIO

LENDING TEST

The bank's Lending Test performance in the Ohio rated area is rated "Outstanding". This rating is driven by the bank's Community Development Lending performance.

Lending Activity

Lending levels reflect good responsiveness to the Cleveland-Akron-Canton, CSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 433 home mortgage loans totaling \$58.8 million in 2020; 434 loans totaling \$60.0 million in 2021; and 305 loans totaling \$64.4 million in 2022 in the assessment area. This volume is similar to the volume of home mortgage loans the bank made during the prior review period. During the prior review period, the bank made 749 home mortgage loans totaling \$72.8 million in 2018 and 2019, collectively, within the Cleveland-Akron-Canton, CSA assessment area. During the review period, the bank made 4.2 percent of its in-assessment area home mortgage loans (by count) in the assessment area.

Small Business Loans

Northwest originated 405 small business loans totaling \$35.9 million in 2020; 297 loans totaling \$24.7 million in 2021; and 86 loans totaling \$11.7 million in 2022 in the assessment area. This volume is

significantly higher to the volume of small business loans the bank made during the prior review period. During that review period, the bank originated 180 small business loans totaling \$42.9 million in 2018 and 2019, collectively, within the assessment area. The bank's participation in SBA's PPP primarily contributed to the increase in small business lending during this review period. In 2020, the bank originated 300 PPP loans totaling \$24.0 million that were included as small business loans in the assessment area. In 2021, the bank originated 187 PPP loans totaling \$10.3 million that were also included as small business loans in the assessment area.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts was similar to aggregate data in 2020 and exceeded aggregate data in 2021. The bank's performance in such tracts trailed demographic data in 2020, exceed demographic data in 2021, and was similar to demographic data in 2022. The opportunity to lend in low-income census tracts is limited as only 5.8 percent, 5.8 percent, and 4.7 percent of owner-occupied housing units are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts exceeded aggregate data in 2020 and slightly trailed aggregate data in 2021. The bank's performance in moderate-income census tracts trailed demographic data throughout the review period.

Market share data further supports the bank's good performance. Of the 486 HMDA reporters that made loans in the assessment area in 2021, only 167 made loans in a low-income census tract. Northwest ranked 19th in lending in low-income census tracts with a 1.3 percent market share. The top three lenders in such tracts were Huntingdon National Bank, Rocket Mortgage, and US Bank, N.A. Furthermore, 254 HMDA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 32nd in lending in moderate-income census tracts with a 0.7 percent market share. The top three lenders were also Huntingdon National Bank, Rocket Mortgage, and US Bank, N.A.

Geographic Distribution of Home Mortgage Loans Cleveland-Akron-Canton, OH CSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.8	2.7	12	2.8	637	1.1
2021	5.8	3.6	27	6.2	3,123	5.2
2022	4.7	--	15	4.9	1,185	1.8
Moderate						
2020	16.6	11.4	59	13.6	5,314	9.0
2021	16.6	13.8	56	12.9	4,714	7.9
2022	15.6	--	37	12.1	3,237	5.0
Middle						
2020	44.4	41.1	183	42.3	23,113	39.3
2021	44.4	42.3	191	44.0	24,262	40.4
2022	44.6	--	156	51.1	19,124	29.7
Upper						
2020	33.2	44.8	179	41.3	29,742	50.6
2021	33.2	40.4	160	36.9	27,890	46.5
2022	35.0	--	97	31.8	40,886	63.5
Totals						
2020	100.0	100.0	433	100.0	58,806	100.0
2021	100.0	100.0	434	100.0	59,989	100.0
2022	100.0	--	305	100.0	64,432	100.0
<i>Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available.</i> <i>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. As shown in the following table, the bank's performance in low-income census tracts exceeded 2020 and 2021 aggregate, and was similar to and exceeded demographic data in 2020 and 2021, respectively. While the percent of businesses in low-income census tracts increased in 2022, the bank's performance in such tracts remained stable. The opportunity to lend in low-income census tracts is limited as 9.3 percent, 9.5 percent, and 15.6 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts exceeded 2020 and 2021 aggregate and demographic data. The bank's performance in 2022 in moderate-income census tracts was similar to demographic data.

Market share data further supports the bank's good performance. Of the 138 CRA reporters that made loans in the assessment area in 2021, only 64 made loans in a low-income census tract. Northwest ranked 16th in lending in low-income census tracts with a 1.8 percent market share. The top three lenders in such tracts were American Express National Bank, The Huntington National

Bank, and JPMorgan Chase Bank, N.A. Furthermore, 80 CRA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest also ranked 16th in lending in moderate-income census tracts with a 1.8 percent market share. The top three lenders were American Express National Bank, The Huntington National Bank, and JPMorgan Chase Bank, N.A.

Geographic Distribution of Small Business Loans Cleveland-Akron-Canton, OH CSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	9.3	7.8	38	9.4	3,550	10.0
2021	9.5	8.0	32	10.8	2,677	11.0
2022	15.6	--	8	9.3	1,440	12.3
Moderate						
2020	15.4	13.5	71	17.6	7,375	20.7
2021	15.3	13.8	54	18.2	3,965	16.3
2022	13.0	--	11	12.8	1,970	16.8
Middle						
2020	38.0	36.8	170	42.1	14,138	39.7
2021	37.8	37.9	128	43.2	11,594	47.6
2022	34.5	--	44	51.2	4,337	37.0
Upper						
2020	37.3	41.9	125	30.9	10,573	29.7
2021	37.3	40.3	82	27.7	6,106	25.1
2022	34.3	--	23	26.7	3,986	34.0
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	2.6	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	404	100.0	35,636	100.0
2021	100.0	100.0	296	100.0	24,342	100.0
2022	100.0	--	86	100.0	11,733	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size. Northwest's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage

loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of home mortgage lending to low-income borrowers exceeded 2020 and 2021 aggregate data and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$152,755. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of home mortgage lending to moderate-income borrowers exceeded 2020 and 2021 aggregate data and exceeded demographic data throughout the review period.

Market share data further supports the bank's excellent performance. Of the 486 HMDA reporters that made loans in the assessment area in 2021, 210 made loans to a low-income borrower. Northwest ranked 23rd in lending to low-income borrowers with a 0.9 percent market share. The top three lenders in such tracts were Huntington National Bank, Rocket Mortgage, and Cross Country Mortgage, LLC. Furthermore, 269 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 28th in lending to moderate-income borrowers with a 0.9 percent market share. The top three lenders were Huntington National Bank, Rocket Mortgage, and Fifth Third Bank, N.A. Northwest was one of the top community banks to lend in low- and moderate-income census tracts, as a significant majority of other leading lenders included mortgage corporations and large national banks.

Distribution of Home Mortgage Loans by Borrower Income Level Cleveland-Akron-Canton, OH CSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	21.0	8.0	50	11.5	3,788	6.4
2021	21.0	10.9	53	12.2	3,566	5.9
2022	20.5	--	45	14.8	3,047	4.7
Moderate						
2020	17.2	18.0	83	19.2	7,971	13.6
2021	17.2	20.2	100	23.0	9,772	16.3
2022	17.8	--	79	25.9	7,681	11.9
Middle						
2020	20.8	20.7	105	24.2	12,234	20.8
2021	20.8	21.1	103	23.7	12,425	20.7
2022	21.3	--	73	23.9	7,633	11.8
Upper						
2020	41.0	37.2	163	37.6	29,153	49.6
2021	41.0	32.7	154	35.5	29,876	49.8
2022	40.4	--	94	30.8	17,951	27.9
Not Available						
2020	0.0	16.2	32	7.4	5,660	9.6
2021	0.0	15.1	24	5.5	4,350	7.3
2022	0.0	--	14	4.6	28,120	43.6
Totals						
2020	100.0	100.0	433	100.0	58,806	100.0
2021	100.0	100.0	434	100.0	59,989	100.0
2022	100.0	--	305	100.0	64,432	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects good penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 32.7 percent and 61.5 percent of these loans to

businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is good.

Market share data further supports the bank's good performance. Of the 138 CRA reporters that made loans in the assessment area in 2021, only 75 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 18th in lending to businesses with GAR of \$1.0 million or less with a 0.6 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were American Express National Bank, JPMorgan Chase Bank, N.A., and The Huntington National Bank.

Distribution of Small Business Loans by Gross Annual Revenue Category Cleveland-Akron-Canton, OH CSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.5	46.9	34	8.4	5,080	14.3
2021	82.6	49.5	67	22.6	7,285	29.9
2022	90.2	--	56	65.1	5,385	45.9
>\$1,000,000						
2020	6.2	--	15	3.7	3,698	10.4
2021	5.9	--	27	9.1	5,164	21.2
2022	3.2	--	28	32.6	5,923	50.5
Revenue Not Available						
2020	11.3	--	355	87.9	26,858	75.4
2021	11.5	--	202	68.2	11,893	48.9
2022	6.6	--	2	2.3	425	3.6
Totals						
2020	100.0	100.0	404	100.0	35,636	100.0
2021	100.0	100.0	296	100.0	24,342	100.0
2022	100.0	-	86	100.0	11,733	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area.

Community Development Loans

Northwest is a leader of making community development loans. The bank originated 33 community development loans totaling \$109.6 million during the evaluation period that specifically benefit the assessment area. This level of community development lending is a significant increase

from the previous evaluation based on dollar volume where the bank originated 37 community development loans totaling \$50.3 million. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending Cleveland-Akron-Canton, OH CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	3	2,083	2	15,000	1	1,635	0	0	6	18,718
2021	4	1,510	1	139	1	1,360	6	336	12	3,345
2022	3	8,208	2	3,239	0	0	3	71,989	8	83,436
1/1/2023 – 7/10/2023	4	2,313	3	1,785	0	0	0	0	7	4,098
Total	14	14,114	8	20,163	2	2,995	9	72,325	33	109,597
<i>Source: Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2021, Northwest originated six PPP loans totaling \$335,626 million to non-profit organizations located in low- or moderate-income census tracts. These loans revitalize or stabilize such census tracts by supporting non-profits struggling during the COVID-19 pandemic.
- During the review period, Northwest originated 11 multifamily loans totaling \$6.2 million that supported affordable housing within the Cleveland-Akron-Canton CSA assessment area. Each loan purchased, refinanced, or improved a multifamily dwelling with a majority of units with rents less than HUD fair market rent for the county.
- In 2020 and 2022, the bank made two loans totaling \$5.0 million in support of a community health and dental care non-profit organization that serves significant low- and moderate-income populations. The health center delivers services to a Health Resources and Services Administration designated underserved area. Services are on a sliding income-scale fee schedule and may be further reduced based on circumstantial situations, such as unemployment or death of a spouse.
- In 2021, Northwest extended a \$139,000 loan to continue operations as an emergency shelter against domestic violence. The shelter is within a moderate-income census area, meanwhile the organizations demographics show a clear majority of those seeking shelter are low- to moderate-income individuals. Furthermore, the organization is a community advocate of childcare and legal resource connections to reduce the likelihood of domestic violence instances.
- In 2021, the bank made a \$40,000 loan to a local chapter of Habitat for Humanity to continue their affordable housing operations. Habitat for Humanity provides opportunity to low- and moderate-income individuals and families for home ownership, conducts neighborhood revitalization efforts, and leads collaborative affordable housing efforts.

During this time, Habitat for Humanity provided 15 houses throughout the Greater Cleveland metro area.

INVESTMENT TEST

Northwest's Investment Test rating is "High Satisfactory" in the OH rated area. The bank's good performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion.

Investment and Grant Activity

Northwest has a significant level of qualified community development investments and donations. During the evaluation period, Northwest maintained and purchased equity investments totaling \$11.5 million that benefitted low- and moderate-income families within the OH rated area and made 43 qualified donations totaling \$318,594. By dollar volume, this level represents 15.3 percent of the bank-wide qualified investment activity.

The dollar volume of community development investments within the OH rated area has increased since the prior evaluation period. Specifically, Northwest's prior evaluation included community development investments and grants totaling \$10.2 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 Cleveland-Akron-Canton, OH CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	--	4,869	0	0	0	0	0	0	--	4,869
6/29/2020 – 12/31/2020	--	1,000	0	0	0	0	0	0	--	1,000
2021	--	615	0	0	0	0	0	0	--	615
2022	0	0	0	0	1	1,575	0	0	1	1,575
1/1/2023 – 7/10/2023	--	3,429	0	0	0	0	0	0	--	3,429
Subtotal	--	9,913	0	0	1	1,575	0	0	--	11,488
Donations & Grants	1	2	42	316	0	0	0	0	414	318
Total	--	9,915	42	316	1	1,575	0	0	--	11,806
Source: Bank Data. "--" data not available										

Prior Period Investments

Northwest maintained various MBSs totaling \$5.0 million that benefitted low- and moderate-income families within the OH rated area, and specifically within the Cleveland-Akron-Canton, OH CSA assessment area.

New Investments

During the review period, Northwest purchased eleven FNMA, GNMA, and Freddie Mac MBSs with \$5.0 million benefitting low- and moderate-income families within the OH rated area,

specifically within the Cleveland-Akron-Canton, OH CSA assessment area. In addition, the bank made one SBIC investment totaling \$1.6 million that benefitted the broader regional OH area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$33,000 to a regional non-profit organization committed to fighting hunger. The organization works with local farms and retailers to provide food to low-income individuals via farmer's markets, mobile pantries, and partner charities. These donations support community development services in the assessment area.
- The bank donated \$17,950 to a non-profit organization dedicated to serving low- and moderate-income, local school-aged children by providing new, warm clothes for the winter season. These donations support community development services in the assessment area.

Responsiveness to Credit and Community Development Needs

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

Community Development Initiatives

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

SERVICE TEST

The bank's Service Test performance in OH is rated "Low Satisfactory". This rating is driven by the bank's performance in Community Development Services and was negatively affected by the bank's branch closures during the evaluation period.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of the institution's OH rated area. Northwest serves the OH rated area with ten full-service branches within the Cleveland-Akron-Canton, OH CSA assessment area. As shown in the following table, the bank's branch and ATM distribution is above the census tract and population distribution within low-income census tracts. However, no bank branches and only one ATM is located within the moderate-income census tracts and is below census tract and population distribution.

Branch and ATM Distribution by Geography Income Level Cleveland-Akron-Canton, OH CSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	32	11.6	88,453	8.1	2	20.0	4	25.0
Moderate	57	20.7	195,792	17.9	0	0.0	1	6.3
Middle	112	40.6	450,769	41.3	6	60.0	8	50.0
Upper	69	25.0	341,011	31.3	2	20.0	3	18.8
NA	6	2.2	14,780	1.4	0	0.0	0	0.0
Total	276	100.0	1,090,805	100.0	10	100.0	16	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has 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 evaluation period, the bank closed 11 branches in OH: one in a low-income census tract, four in a moderate-income census tracts, two in middle-income census tracts, and four in upper-income census tracts. The branch closure in the low-income census tract (Lorain) has two other Northwest branches both within 3 miles of the closed branch. Of the four moderate-income branches that closed, three branches that closed (Painesville, Madison, and Ashtabula), the closest Northwest branch is 30+ miles away. However, each of the communities remain served with other banks within the area (1-2 miles away). The fourth moderate-income branch closed (Elyria), Northwest has another branch within 4 miles away, still serving that community.

Despite the accessibility of other institution branches within the low- and moderate-income census tracts, the majority of the closures still impacted these communities, especially the three communities in moderate-income census tracts where customers have to drive a substantial distance to another Northwest branch or change to a different bank.

Net Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Cleveland-Akron, OH CSA	0	11	-1	-4	-2	-4
Total	0	11	-1	-4	-2	-4

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the OH rated area are consistent with institution overall.

Community Development Services

Northwest provides a relatively high level of community development services within its Cleveland-Akron-Canton, OH CSA assessment area. Northwest also partnered with EVERFI to provide online financial education programs for students within this assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided 1,487 community development service hours to approximately five community development organizations in the bank's Cleveland-Akron-Canton, OH CSA 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.

Community Development Services Cleveland-Akron-Canton, OH CSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	0	0	0	0	0
2021	0	1,191	0	0	1,191
2022	0	266	0	0	266
1/1/2023 – 7/10/2023	0	30	0	0	30
Total	0	1,487	0	0	1,487
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- During the evaluation period, a bank employee served as a Board member for an organization in Lorain County, whose primary purpose is to assist low-income individuals obtain and maintain competitive employment through education, job training, job placement and post-employment support. The organization also has a food pantry for needy individuals.
- During the evaluation period, as a Board member for a non-profit organization dedicated to providing shoes to the children of Lorain County. Recipients are children whose families are experiencing financial difficulties. Since 2007, approximately 33,000 children have received new shoes.

INDIANA

CRA RATING FOR INDIANA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN INDIANA

The evaluation for the State of IN considered the bank's operations in the following four assessment areas: IN Non-MSA; South Bend-Elkhart-Mishawaka, IN CSA; Muncie, IN MSA; and Bloomington, IN MSA. Collectively, examiners refer to these four assessment areas as the IN rated area. The bank operates 20 full service branch offices within IN. The bank's operations in the IN rated area represent 9.3 percent of total in-assessment area lending (by number), 11.6 percent of total deposits, and 14.9 percent of total branches. The assessment areas within the IN rated area are new as of the prior evaluation resulting from Northwest's acquisition of MutualBank in April 2020.

During the evaluation period, the unemployment rates within the IN rated area varied from a high of 30.6 percent in St. Joseph County (April 2020) to a low of 1.7 percent also in St. Joseph County (December 2021). For every county within the IN rated area, unemployment rates peaked in April 2020 and most counties reached their lowest levels in December 2021. In 2020, the COVID-19 pandemic resulted in heightened unemployment rates. For the majority of the review period unemployment rates generally trended downward. The following table summarizes unemployment data from the Bureau of Labor Statistics at county, state, and national levels.

Unemployment Rates				
Area	2020	2021	2022	May 2023
	%	%	%	%
IN Non-MSA				
Grant	4.1	2.7	2.7	3.8
Greene	4.0	2.8	3.3	4.0
Jackson	3.6	2.1	2.2	3.1
Knox	3.6	1.9	2.2	3.4
Kosciusko	3.6	1.9	2.5	3.4
Lawrence	4.5	2.6	3.0	4.0
Randolph	3.9	2.1	2.6	3.5
Wabash	3.9	2.1	2.3	3.4
S. Bend-Elkhart, IN CSA				
St. Joseph	3.6	1.7	2.8	3.7
Elkhart	5.6	2.9	3.1	4.0
Muncie, IN MSA				
Delaware	4.7	2.9	2.8	4.2
Bloomington, IN MSA				
Monroe	3.7	1.9	2.1	3.7
Owen	4.6	2.5	3.0	3.9
Indiana	5.0	3.0	3.1	3.1
National Average	6.7	3.9	3.5	3.6
<i>Source: Bureau of Labor Statistics (Year End).</i>				

Refer to the separate sections of this evaluation under Indiana for a detailed description of each assessment area.

SCOPE OF EVALUATION – INDIANA

This portion of the evaluation considers activity within the IN rated area. Please refer to the overall Scope of Evaluation section for information on products and timeframe reviewed. Of the four assessment areas within the IN rated area, the bank's performance in the IN Non-MSA assessment area carried the most weight in determining the state's rating and conclusions, as this assessment area accounts for the largest portion of the bank's lending, deposits, and branches within IN. Examiners used full-scope examination procedures to assess performance in the IN Non-MSA and South Bend-Elkhart-Mishawaka, IN CSA assessment areas, and limited scope examination procedures for the Muncie, IN MSA and Bloomington, IN MSA assessment areas. Examiners selected the full-scope areas based upon the volume of lending, deposits, and branches within IN.

CONCLUSIONS ON PERFORMANCE CRITERIA IN INDIANA

LENDING TEST

The bank's Lending Test performance in IN is rated "High Satisfactory." This rating is driven primarily by performance in the Non-MSA assessment area. The bank's performance in the South Bend-Elkhart, IN CSA and Muncie, IN MSA is consistent with its performance in the IN rated area, while the bank's performance in the Bloomington, IN MSA assessment areas is below its performance in the IN rated area.

Lending Activity

Lending levels reflect excellent responsiveness to assessment area credit needs. Examiners considered the institution's size, loan portfolio composition, and competition level. As previously mentioned, the IN rated area is new to the bank this evaluation. As a result, no comparative data is available. Northwest's excellent lending performance in the IN Non-MSA assessment area supports this conclusion. The bank's performance in the remaining IN assessment areas is slightly below the overall rating

Home Mortgage Loans

Within the IN rated area, the bank originated or purchased 788 home mortgage loans totaling \$120.5 million in 2020; 922 home mortgage loans totaling \$121.3 million in 2021; and 641 home mortgage loans totaling \$68.3 million in 2022. During the review period, the bank made 8.4 percent of its in-assessment area home mortgage loans (by count) in the IN rated area.

Small Business Loans

Within the IN rated area, the bank originated 656 small business loans totaling \$62.5 million in 2020; 431 small business loans totaling \$35.3 million in 2021; and 143 small business loans totaling \$10.9 million in 2022. The bank's participation in SBA's PPP primarily contributed to the increase in small business lending during this review period. In 2020, the bank originated 541 PPP loans totaling \$49.8 million that were included as small business loans in the IN rated area. In 2021, the bank originated 271 PPP loans totaling \$21.9 million that were also included as small business loans in the IN rated area.

Refer to the Lending Activity criterion under each assessment area for additional information.

Geographic Distribution

The geographic distribution of loans reflects good penetration within the IN rated area. Northwest's good performance of home mortgage lending in the IN Non-MSA assessment area primarily supports this conclusion. The bank's performance in the remaining IN assessment areas is consistent with the overall rating

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size within the IN rated area. Northwest's excellent performance of home mortgage lending in the IN Non-MSA assessment area primarily supports this conclusion. The bank's performance in the remaining IN assessment areas is slightly below the overall rating

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area. The Community Homebuyers Corporation loan program is specific to IN.

Community Development Loans

The bank had made a significant level of community development loans in the IN rated area. During the evaluation period, the bank originated 26 loans for \$10.1 million in the rated area. A majority of the community development loans (by dollar amount) support affordable housing, followed by revitalization and stabilization efforts within the rated area. The following table illustrates the community development lending activity by assessment area and purpose.

Community Development Lending Indiana State Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
IN Non-MSA	1	90	2	13	0	0	7	694	10	797
South Bend-Elkhart, IN CSA	2	3,872	0	0	0	0	1	58	3	3,930
Muncie, IN MSA	2	550	3	148	0	0	3	456	8	1,154
Bloomington, IN MSA	2	2,016	0	0	0	0	0	0	2	2,016
IN Statewide	3	2,204	0	0	0	0	0	0	3	2,204
Total	10	8,732	5	161	0	0	11	1,208	26	10,101
<i>Source: Bank Data</i>										

For additional details on community development loans, please refer to the individual assessment area sections.

INVESTMENT TEST

Northwest's Investment Test rating is "Low Satisfactory" in the IN rated area. The bank's adequate performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion. Examiners gave most weight to the bank's performance in the IN Non-MSA assessment area. The bank's performance in the South Bend-Elkhart, IN CSA and Muncie, IN MSA is consistent with its performance in the IN rated area, while

the bank's performance in the Bloomington, IN MSA assessment areas is below its performance in the IN rated area.

Investment and Grant Activity

Northwest has an adequate level of qualified community development investments and donations in the IN rated area. Northwest made qualified investments and donations totaling \$3.0 million. By dollar volume, this level represents 3.9 percent of the bank-wide qualified investment activity.

The bank did not previously designate assessment areas within the IN 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 Indiana State Rated Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
IN Non-MSA	5	1,045	17	59	4	13	1	1	27	1,118
South Bend-Elkhart, IN CSA	4	386	18	46	1	15	0	0	23	447
Muncie, IN MSA	5	218	15	50	4	34	3	21	27	323
Bloomington, IN MSA	0	0	0	0	0	0	1	1	1	1
Prior Period Statewide	1	1	10	21	2	1,137	0	0	13	1,159
Total	15	1,650	60	176	11	1,199	5	23	91	3,048
<i>Source: Bank Data</i>										

Statewide

During the review period, Northwest provided 12 donations totaling \$23,000 to organizations located in IN, but outside the four designated IN assessment areas. In addition, the bank made an investment totaling \$1.1 million in a SBIC that benefitted the broader statewide IN assessment area. Examiners determined that the bank has been responsive to the community development needs of the assessment areas within IN. Therefore, examiners considered donations that benefitted geographies, individuals, or organization located somewhere in the broader statewide area.

Responsiveness to Credit and Community Development Needs

Northwest exhibits adequate responsiveness to credit and community economic development needs throughout the IN rated area. Management directed the majority of the bank's investments and grants within the IN rated area, by dollar amount, to affordable housing.

Community Development Initiatives

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

SERVICE TEST

The bank's Service Test performance in IN is rated "Low Satisfactory". This rating is driven primarily by performance in the IN Non-MSA and Muncie, IN MSA assessment areas. The bank's performance in the remaining IN assessment areas is below the overall rating.

Accessibility of Delivery Systems

The bank's delivery systems are reasonably accessible to essentially all portions of the institution's IN rated area. Northwest serves the IN rated area with 20 full-service branches, including 10 in the IN Non-MSA assessment area; four in the South Bend-Elkhart, IN CSA assessment area; five in the Muncie, IN MSA assessment area; and one in the Bloomington, IN MSA assessment area. The branch distribution and alternative delivery systems for the IN rated area is below the institution overall. For additional information on the distribution of branches and ATMs, refer to the individual assessment areas under the Service Test.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has 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 evaluation period the bank closed 16 branches in IN: one in low-income census tracts, five in moderate-income census tracts, nine in middle-income census tracts, and one in an upper-income census tract. As mentioned in the Overall Section, in 2020, Northwest Bank acquired and merged with MutualBank along with 36 branches all located in IN. As part of that merger, three branches were located in the Indianapolis-Carmel-Anderson, IN MSA; however, subsequent to the merger, Northwest closed all three of those branches (one in a moderate-income census tract and two in middle-income census tracts). Additional details are contained within the sections for the individual assessment areas.

Net Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
IN Non-MSA	0	5	0	0	-4	-1
South Bend-Elkhart, IN CSA	0	5	0	-2	-3	0
Muncie, IN MSA	0	2	-1	+1	0	0
Bloomington, IN MSA	0	1	0	-1	0	0
Indianapolis-Carmel-Anderson, IN MSA*	0	3	0	-1	-2	0
Total	0	16	-1	-5	-9	-1
*No longer in Northwest Bank's CRA Assessment Area						

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the IN rated area are consistent with institution overall.

Community Development Services

Northwest provides a relatively high level of community development services within the IN assessment areas. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided 3,217 hours of community development service hours to approximately 29 community development organizations in the bank's IN assessment areas during the review period. The following table outlines the number (# represents hours spent on 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 Indiana State Rated Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
IN Non-MSA	45	764	24	0	833
South Bend-Elkhart, IN CSA	16	147	0	0	163
Muncie, IN MSA	214	1,929	24	0	2,167
Bloomington, IN MSA	0	6	0	0	6
Statewide	0	12	36	0	48
Total	275	2,858	84	0	3,217
<i>Source: Bank Data</i>					

INDIANA NON-MSA ASSESSMENT AREA – Full-Scope Review

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

The IN Non-MSA assessment area includes Grant, Greene, Jackson, Knox, Kosciusko, Lawrence, Randolph, and Wabash Counties. These counties are not located in an MSA. The bank operates 10 full service branch offices within this assessment area. The bank’s operations in the assessment area represent 4.1 percent of total in-assessment area lending (by number), 4.5 percent of total deposits, and 7.5 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 90 census tracts reflecting the following income designations according to the 2015 ACS:

- 0 low-income census tracts,
- 20 moderate-income census tracts,
- 59 middle-income census tracts, and
- 11 upper-income census tracts.

For 2022, the same assessment area included 97 census tracts reflecting the following income designations according to the 2020 Census data:

- 3 low-income census tracts,
- 20 moderate-income census tracts,
- 56 middle-income census tracts, and
- 18 upper-income census tracts.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the IN Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	97	3.1	20.6	57.7	18.6	0.0
Population by Geography	360,916	2.8	18.9	58.3	20.1	0.0
Housing Units by Geography	168,091	2.9	19.9	57.9	19.4	0.0
Owner-Occupied Units by Geography	106,852	2.2	14.9	61.5	21.4	0.0
Occupied Rental Units by Geography	38,634	4.7	33.7	47.4	14.2	0.0
Vacant Units by Geography	22,605	3.3	19.5	58.6	18.6	0.0
Businesses by Geography	29,823	2.2	23.1	53.6	21.1	0.0
Farms by Geography	2,426	0.2	6.7	71.3	21.7	0.0
Family Distribution by Income Level	97,174	20.0	18.8	22.2	38.9	0.0
Household Distribution by Income Level	145,486	23.0	17.1	18.8	41.1	0.0
Median Family Income Non-MSAs - IN		\$67,032	Median Housing Value			\$119,874
Families Below Poverty Level		9.9%	Median Gross Rent			\$709
Source: 2020 U.S. Census and 2022 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.						

There are 168,091 housing units in the assessment area. Of these units, 63.6 percent are owner-occupied, 23.0 percent are rental occupied, and 13.4 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 2.2 percent and 14.9 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IN Non-MSA Median Family Income (99999)				
2020 (\$63,800)	<\$31,900	\$31,900 to <\$51,040	\$51,040 to <\$76,560	≥\$76,560
2021 (\$64,600)	<\$32,300	\$32,300 to <\$51,680	\$51,680 to <\$77,520	≥\$77,520
2022 (\$74,500)	<\$37,250	\$37,250 to <\$59,600	\$59,600 to <\$89,400	≥\$89,400
Source: FFIEC				

According to 2022 D&B data, there were 29,823 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 85.6 percent had GARs of \$1.0 million or less;

- 3.8 percent had GARs of more than \$1.0 million; and
- 10.6 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 32.3 percent, followed by non-classifiable establishments (21.3 percent), retail trade (11.3 percent), and finance, insurance, and real estate (9.3 percent). Most businesses have four or fewer employees (61.7 percent) and operate at a single location (90.2 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 37 financial institutions operated 110 full-service offices in the assessment area. Of these institutions, Northwest ranked 3rd with a 7.8 percent deposit market share. The 1st and 2nd ranked institutions based on deposit market share were Lake City Bank (16.6 percent) and Old National Bank (8.3 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 363 lenders originated or purchased 15,300 home mortgage loans. Of these lenders, Northwest ranked 4th by number of originations and purchases capturing 2.7 percent of total market share. The top three ranked mortgage lenders in the assessment area were Ruoff Mortgage Company (10.3 percent), Rocket Mortgage (5.5 percent), and Lake City Bank (3.8 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 94 lenders originated or purchased 5,801 small business loans. Of these lenders, Northwest ranked 10th by number of originations and purchases capturing 3.5 percent of total market share. The top three ranked small business lenders in the assessment area were American Express National Bank (12.6 percent), JPMorgan Chase Bank, NA (8.1 percent), and First Farmers Bank & Trust (7.8 percent).

Community Contact(s)

Examiners reviewed a recent community contact of an affordable housing organization, which serves northeast IN. The contact identified the need for affordable housing, flexible lending programs, and community development initiatives, which penetrate the rural communities.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent the primary credit needs in the assessment area. In addition, community development needs include affordable housing, community services, and job creation/retention.

CONCLUSIONS ON PERFORMANCE CRITERIA IN INDIANA NON-MSA ASSESSMENT AREA

LENDING TEST

Northwest demonstrated good performance under the Lending Test. The bank's Geographic Distribution and Community Development Lending criterion performance supports this conclusion.

Lending Activity

Lending levels reflect excellent responsiveness to the IN Non-MSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 343 home mortgage loans totaling \$49.4 million in 2020; 419 loans totaling \$51.2 million in 2021; and 289 loans totaling \$27.8 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest captured 2.7 percent of total market share by number of loans, ranking 4th among 363 lenders that made 15,300 loans in the assessment area. Other top ranked lenders included mortgage corporations and large national banks.

Small Business Loans

Northwest originated 230 small business loans totaling \$17.7 million in 2020, 203 loans totaling \$10.7 million in 2021, and 80 loans totaling \$3.4 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest captured 3.5 percent of total market share by number of loans, ranking 10th among 94 small business loan reporters that made 5,801 loans in the assessment area. The top ranked lenders included business credit card lenders and large national banks.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. Northwest's good performance of home mortgage lending supports this conclusion. Examiners focused on the number of loans in low- and moderate-income census tracts. As illustrated under Economic and Demographic Data, the assessment area did not contain low-income census tracts based on 2015 ACS data, but contained three low-income census tracts based on 2020 Census data.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts in 2022 was similar to demographic data. The bank's performance in moderate-income census tracts was similar to aggregate data in 2020 and exceeded aggregate data in 2021. The bank's performance in moderate-income census tracts trailed demographic data in 2020 and 2022, and was similar to demographic data in 2021.

While Northwest's percentage of loans in moderate-income census tracts was good, its market share in such tracts supports good performance. Of the 363 HMDA reporters that made loans in the

assessment area in 2021, only 174 made loans in a moderate-income census tract. Northwest ranked 5th in lending in moderate-income census tracts with a 3.4 percent market share. The top three lenders in such tracts were Ruoff Mortgage Company, Regions Bank, and Rocket Mortgage.

Geographic Distribution of Home Mortgage Loans						
IN Non-MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	2.2	--	4	1.4	304	1.1
Moderate						
2020	14.9	9.7	33	9.6	2,381	4.8
2021	14.9	11.7	61	14.6	5,813	11.3
2022	14.9	--	34	11.8	2,339	8.4
Middle						
2020	71.1	70.6	253	73.8	34,154	69.2
2021	71.1	69.6	279	66.6	32,825	64.1
2022	61.5	--	179	61.9	15,664	56.4
Upper						
2020	14.0	19.7	57	16.6	12,842	26.0
2021	14.0	18.7	79	18.9	12,599	24.6
2022	21.4	--	72	24.9	9,480	34.1
Totals						
2020	100.0	100.0	343	100.0	49,377	100.0
2021	100.0	100.0	419	100.0	51,237	100.0
2022	100.0	--	289	100.0	27,786	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. As shown in the following table, the bank's performance in moderate-income census tracts exceeded aggregate data in 2020 and trailed aggregate data in 2021. The bank's performance in moderate-income census tracts also trailed demographic data in 2020 and 2021, and significantly trailed demographic data in 2022.

Market share data further supports the bank's adequate performance. Of the 94 CRA reporters that made loans in the assessment area in 2021, 61 made loans in a moderate-income census tract. Northwest ranked 11th in lending in low-income census tracts with a 2.8 percent market share. The

top three lenders in such tracts were American Express National Bank, First Farmers Bank & Trust, and JPMorgan Chase Bank, N.A.

Geographic Distribution of Small Business Loans						
IN Non-MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	2.2	--	0	0.0	0	0.0
Moderate						
2020	22.5	18.8	48	20.9	3,129	17.7
2021	22.5	16.9	27	13.3	1,340	12.5
2022	23.1	--	4	5.0	155	4.6
Middle						
2020	64.8	66.1	140	60.9	10,099	57.1
2021	64.6	68.1	151	74.4	7,324	68.3
2022	53.6	--	65	81.2	1,554	46.1
Upper						
2020	12.6	15.1	42	18.3	4,452	25.2
2021	12.9	15.0	25	12.3	2,058	19.2
2022	21.1	--	11	13.8	1,665	49.3
Totals						
2020	100.0	100.0	230	100.0	17,680	100.0
2021	100.0	100.0	203	100.0	10,722	100.0
2022	100.0	--	80	100.0	3,374	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business customers of different size. Northwest's excellent performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of home mortgage lending to low-income borrowers was similar to aggregate data in

2020, greatly exceeded aggregate data in 2021, and continued to increase lending in 2022. . The bank's performance in lending to low-income borrowers trailed demographic data in 2020 and 2021, and was similar to demographic data in 2022. However, a low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$119,874. Therefore, the opportunities for lending to low-income families are limited. This helps explain any difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of home mortgage lending to moderate-income borrowers exceeded 2020 and 2021 aggregate data and exceeded demographic data throughout the review period.

Market share data further supports the bank's excellent performance. Of the 363 HMDA reporters that made loans in the assessment area in 2021, only 139 made loans to a low-income borrower. Northwest ranked 3rd in lending to low-income borrowers with a 4.8 percent market share. The top two lenders in such tracts were Ruoff Mortgage Company and Rocket Mortgage. Furthermore, 204 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 3rd in lending to moderate-income borrowers with a 3.2 percent market share. The top two lenders were also Ruoff Mortgage Company and Rocket Mortgage.

Distribution of Home Mortgage Loans by Borrower Income Level IN Non-MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	19.2	7.5	25	7.3	1,280	2.6
2021	19.2	8.0	59	14.1	3,464	6.8
2022	20.0	--	59	20.4	2,727	9.8
Moderate						
2020	18.8	20.4	80	23.3	6,940	14.1
2021	18.8	20.6	99	23.6	7,729	15.1
2022	18.8	--	91	31.5	6,955	25.0
Middle						
2020	22.8	21.8	80	23.3	10,213	20.7
2021	22.8	21.7	101	24.1	10,316	20.1
2022	22.2	--	74	25.6	7,301	26.3
Upper						
2020	39.2	34.7	146	42.6	29,070	58.9
2021	39.2	31.9	139	33.2	26,327	51.4
2022	38.9	--	59	20.4	9,310	33.5
Not Available						
2020	0.0	15.6	12	3.5	1,874	3.8
2021	0.0	17.9	21	5.0	3,402	6.6
2022	0.0	--	6	2.1	1,493	5.4
Totals						
2020	100.0	100.0	343	100.0	49,377	100.0
2021	100.0	100.0	419	100.0	51,237	100.0
2022	100.0	--	289	100.0	27,786	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 32.7 percent and 28.0 percent of these loans to

businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Market share data further supports the bank's adequate performance. Of the 94 CRA reporters that made loans in the assessment area in 2021, 59 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 23rd in lending to businesses with GAR of \$1.0 million or less with a 1.1 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were US Bank, N.A., Synchrony Bank, and JPMorgan Chase Bank, N.A.

Distribution of Small Business Loans by Gross Annual Revenue Category IN Non-MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.3	28.6	18	7.8	4,244	24.0
2021	83.8	41.9	26	12.8	1,817	16.9
2022	85.6	--	28	35.0	1,139	33.8
>\$1,000,000						
2020	5.0	--	26	11.3	1,048	5.9
2021	4.4	--	54	26.6	2,499	23.3
2022	3.8	--	52	65.0	2,235	66.2
Revenue Not Available						
2020	12.8	--	186	80.9	12,388	70.1
2021	11.9	--	123	60.6	6,406	59.7
2022	10.6	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	230	100.0	17,680	100.0
2021	100.0	100.0	203	100.0	10,722	100.0
2022	100.0	--	80	100.0	3,374	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Community Development Loans

Northwest has made an adequate level of community development loans. The bank originated 10 community development loans totaling \$797,146 during the evaluation period that specifically benefit the assessment area. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending Indiana Non-MSA MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	1	90	0	0	0	0	7	694	8	784
2022	0	0	2	13	0	0	0	0	2	13
1/1/2023 – 7/10/2023	0	0	0	0	0	0	0	0	0	0
Total	1	90	2	13	0	0	7	694	10	797
<i>Source: Bank Data</i>										

The following is a sample of community development loans that benefit the assessment area.

- In 2021, Northwest originated seven PPP loans totaling \$694,298 to non-profit organizations located in low- or moderate-income census tracts. These loans revitalize or stabilize such census tracts by supporting non-profits struggling during the COVID-19 pandemic.
- In 2021, the bank extended a \$90,000 loan for an affordable housing development corporation. The corporation operates four locations with at least 81 units available for below market rents. The corporation also provides homeowner/buyer counseling, repair services, rental assistance, foreclosure prevention, and establishes individual development accounts to assist low- and moderate-income persons and families. Furthermore, the corporation is an advocate and coordinator of community block grant funds that foster new affordable housing projects.

INVESTMENT TEST

Northwest demonstrated adequate performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

Northwest has an adequate level of qualified donations and grants. During the evaluation period, Northwest purchased equity investments totaling \$1.0 million that benefitted low- and moderate-income families within the Indiana Non-MSA assessment area and 27 qualified donations totaling \$81,779. The previous CRA evaluation did not include an assessment area within the Indiana Non-MSA.

Qualified Investments Indiana Non-MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	--	477	0	0	0	0	0	0	--	477
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	--	559	0	0	0	0	0	0	--	559
Subtotal	--	1,036	0	0	0	0	0	0	--	1,036
Donations & Grants	5	9	17	59	4	13	1	1	27	82
Total	--	1,045	17	59	4	13	1	1	--	1,118
<i>Source: Bank Data. "--" data not available</i>										

New Investments

During the review period, Northwest purchased three Freddie Mac MBSs with \$1.0 million benefitting low- and moderate-income families within the Indiana Non-MSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$37,420 to an organization that administers EITC programs. This donation supports community development services in the assessment area.
- The bank donated \$12,500 to an organization that supports local economic growth, which includes helping new and existing small businesses. This donation supports economic development in the assessment area.

Responsiveness to Credit and Community Development Needs

Northwest exhibits adequate responsiveness to credit and community economic development needs throughout its IN Non-MSA assessment area. Management directed the majority of the bank's investments and grants (by dollar amount) to affordable housing efforts.

Community Development Initiatives

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

SERVICE TEST

Northwest demonstrated good performance under the Service Test. The Community Development 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. As shown in the following table, the bank's branch and ATM distribution is significantly above census tract and population distribution within moderate-income census tracts. However, no branches or ATMs are located within the low-income census tracts. The branch distribution and alternative delivery systems for the IN Non-MSA assessment area is consistent with the IN rated area overall.

Branch and ATM Distribution by Geography Income Level IN Non-MSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	3	3.1	10,045	2.8	0	0.0	0	0.0
Moderate	20	20.6	68,108	18.9	4	40.0	4	36.4
Middle	56	57.7	210,300	58.3	6	60.0	7	63.6
Upper	18	18.6	72,463	20.1	0	0.0	0	0.0
Total	97	100.0	360,916	100.0	10	100.0	11	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

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 evaluation period, the bank closed five branches within the IN Non-MSA assessment area. The closures include four branches located in middle-income census tracts and one located in an upper-income census tract. One of the branches closed, included the bank's Mitchell (Lawrence County) branch. While this branch closed in 2020, and during that time the census tract was designated as a middle-income census tract (2015 ACS), the 2020 ACS data now reflect this geography as a moderate-income census tract.

Net Distribution of Branch Openings/Closings						
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Grant	0	0	0	0	0	0
Greene	0	2	0	0	-2	0
Jackson	0	0	0	0	0	0
Knox	0	0	0	0	0	0
Kosciusko	0	2	0	0	-1	-1
Lawrence	0	1	0	0	-1	0
Randolph	0	0	0	0	0	0
Wabash	0	0	0	0	0	0
Total	0	5	0	0	-4	-1

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the IN Non-MSA assessment area are consistent with the IN rated area overall.

Community Development Services

Northwest provides a relatively high level of community development services within its IN Non-MSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided 833 hours of community development services to approximately eight community development organizations in the bank's IN 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 assessment area and purpose.

Community Development Services Indiana Non-MSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	0	108	0	0	108
2021	0	141	0	0	141
2022	35	267	24	0	326
1/1/2023 – 7/10/2023	10	248	0	0	258
Total	45	764	24	0	833
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- During the evaluation period, a bank employee served as a member of the Board and Treasurer of a non-profit organization in Grant County, IN that provides resources to improve the financial condition of low-income families. This service supports community development services in the assessment area.
- During the review period, a bank employee served as a member of the Board of an organization that provides career and financial counseling to low income individuals.

SOUTH BEND-ELKHART-MISHAWAKA, IN-MI CSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOUTH BEND- ELKHART-MISHAWAKA, IN-MI CSA ASSESSMENT AREA

The South Bend-Elkhart-Mishawaka, IN CSA assessment area includes Elkhart and St. Joseph Counties. Elkhart County is in the Elkhart-Goshen, IN MSA #21140, while St. Joseph County is in the South Bend-Mishawaka, IN-Michigan (MI) MSA #43780. Both MSAs are part of the larger South Bend-Elkhart-Mishawaka, IN-MI CSA #515. The bank operates four full service branch offices within this assessment area. The bank’s operations in the assessment area represent 2.7 percent of total in-assessment area lending (by number), 2.3 percent of total deposits, and 3.0 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 111 census tracts reflecting the following income designations according to the 2015 ACS:

- 12 low-income census tracts,
- 26 moderate-income census tracts,
- 49 middle-income census tracts, and
- 24 upper-income census tracts.

For 2022, the same assessment area included 127 census tracts reflecting the following income designations according to the 2020 Census data:

- 11 low-income census tracts,
- 31 moderate-income census tracts,
- 49 middle-income census tracts,
- 35 upper-income census tracts, and
- 1 census tract with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	127	8.7	24.4	38.6	27.6	0.8
Population by Geography	479,959	5.8	22.3	43.2	28.3	0.4
Housing Units by Geography	196,439	6.1	24.5	43.7	25.2	0.4
Owner-Occupied Units by Geography	121,851	3.3	17.9	45.0	33.5	0.2
Occupied Rental Units by Geography	54,891	10.9	35.4	42.2	11.0	0.5
Vacant Units by Geography	19,697	10.3	35.2	40.0	13.6	0.8
Businesses by Geography	46,594	4.9	23.2	43.1	28.3	0.4
Farms by Geography	1,418	2.6	13.5	46.5	37.2	0.2
Family Distribution by Income Level	113,909	19.9	17.7	22.3	40.1	0.0
Household Distribution by Income Level	176,742	23.7	16.7	18.6	41.0	0.0
Median Family Income - 21140 Elkhart-Goshen, IN MSA		\$70,610	Median Housing Value			\$136,519
Median Family Income - 43780 South Bend-Mishawaka, IN-MI MSA		\$70,437	Median Gross Rent			\$805
			Families Below Poverty Level			9.8%
Source: 2020 U.S. Census and 2022 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.						

There are 196,439 housing units in the assessment area. Of these units, 62.0 percent are owner-occupied, 28.0 percent are rental occupied, and 10.0 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 3.3 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 17.9 percent of owner-occupied housing units are located in moderate-income census tracts.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Elkhart-Goshen, IN MSA Median Family Income (21140)				
2020 (\$70,200)	<\$35,100	\$35,100 to <\$56,160	\$56,160 to <\$84,240	≥\$84,240
2021 (\$67,500)	<\$33,750	\$33,750 to <\$54,000	\$54,000 to <\$81,000	≥\$81,000
2022 (\$83,600)	<\$41,800	\$41,800 to <\$66,880	\$66,880 to <\$100,320	≥\$100,320
South Bend-Mishawaka, IN-MI MSA Median Family Income (43780)				
2020 (\$70,000)	<\$35,000	\$35,000 to <\$56,000	\$56,000 to <\$84,000	≥\$84,000
2021 (\$72,700)	<\$36,350	\$36,350 to <\$58,160	\$58,160 to <\$87,240	≥\$87,240
2022 (\$77,500)	<\$38,750	\$38,750 to <\$62,000	\$62,000 to <\$93,000	≥\$93,000
Source: FFIEC				

According to 2022 D&B data, there were 46,594 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 86.5 percent had GARs of \$1.0 million or less;
- 4.3 percent had GARs of more than \$1.0 million; and
- 9.2 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 32.4 percent, followed by non-classifiable establishments (25.4 percent), finance, insurance, and real estate (10.8 percent), and retail trade (10.7 percent). Most businesses have four or fewer employees (57.9 percent) and operate at a single location (90.7 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

Competition

The bank's assessment area reflects a moderately competitive market for financial services. According to the June 30, 2022 FDIC Deposit Market Share Data, 17 financial institutions operated 113 full-service offices in the assessment area. Of these institutions, Northwest ranked 7th with a 2.7 percent deposit market share. The top three ranked institutions based on deposit market share were 1st Source Bank (37.4 percent), JPMorgan Chase Bank, NA (17.5 percent), and Lake City Bank (15.3 percent).

There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2021 peer mortgage data, 380 lenders originated or purchased 22,811 home mortgage loans. Of these lenders, Northwest ranked 26th by number of originations and purchases capturing 1.1 percent of total market share. The top three ranked mortgage lenders in the assessment area were Notre Dame Federal Credit Union (7.6 percent), Teachers Credit Union (6.4 percent), and Rocket Mortgage (5.8 percent).

There is a moderate high level of competition for small business loans among lenders in the assessment area. Based on 2021 peer small business data, 114 lenders originated or purchased

8,318 small business loans. Of these lenders, Northwest ranked 17th by number of originations and purchases capturing 1.4 percent of total market share. The top three ranked small business lenders in the assessment area were 1st Source Bank (21.5 percent), JPMorgan Chase Bank, NA (13.3 percent), and American Express National Bank (12.0 percent).

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOUTH BEND- ELKHART-MISHAWAKA, IN-MI CSA ASSESSMENT AREA

LENDING TEST

Northwest demonstrated good performance under the Lending Test. The Geographic Distribution and Borrower Distribution criterion performance supports this conclusion.

Lending Activity

Lending levels reflect good responsiveness to the South Bend-Elkhart-Mishawaka, IN-MI CSA assessment area credit needs considering the institution's size, loan portfolio composition, and competition level.

Home Mortgage Loans

Northwest originated and purchased 233 home mortgage loans totaling \$41.3 million in 2020; 259 loans totaling \$37.5 million in 2021; and 154 loans totaling \$20.6 million in 2022 in the assessment area. For home mortgages originated and purchased in 2021, Northwest captured 1.1 percent of total market share by number of loans, ranking 26th among 380 lenders that made 22,811 loans in the assessment area. The top ranked lenders included credit unions, mortgage corporations and large national banks.

Small Business Loans

Northwest originated 244 small business loans totaling \$29.1 million in 2020; 112 loans totaling \$15.3 million in 2021; and 35 loans totaling \$4.0 million in 2022 in the assessment area. For small business loans originated and purchased in 2021, Northwest captured 1.4 percent of total market share by number of loans, ranking 17th among 114 small business loan reporters that made 8,318 loans in the assessment area. The top ranked lenders included a community bank and business credit card lenders.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the assessment area. As shown in the following table, the bank's performance in low-income census tracts slightly trailed 2020 aggregate and demographic data, and slightly exceeded 2021 aggregate and demographic data. The bank's performance in low-income census tracts in 2022 slightly trailed

demographic data. The opportunity to lend in low-income census tracts is very limited as only 3.0 percent, 3.0 percent, and 3.3 percent of owner-occupied housing units are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts slightly trailed aggregate data in 2020 and was similar to aggregate data in 2021. The bank's performance in moderate-income census tracts trailed demographic data throughout the review period.

Market share data further supports the bank's good performance. Of the 380 HMDA reporters that made loans in the assessment area in 2021, only 79 made loans in a low-income census tract. Northwest ranked 14th in lending in low-income census tracts with a 1.9 percent market share. The top three lenders in such tracts were Notre Dame Federal Credit Union, Ruoff Mortgage Company, and Hallmark Home mortgage, LLC. Furthermore, 172 HMDA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 27th in lending in moderate-income census tracts with a 1.1 percent market share. The top three lenders were also Notre Dame Federal Credit Union, Ruoff Mortgage Company, and Hallmark Home mortgage, LLC.

Geographic Distribution of Home Mortgage Loans South Bend-Elkhart-Mishawaka IN-MI, CSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	3.0	1.6	2	0.9	246	0.6
2021	3.0	2.3	10	3.9	940	2.5
2022	3.3	--	4	2.6	303	1.5
Moderate						
2020	13.9	9.3	19	8.2	2,186	5.3
2021	13.9	10.5	27	10.4	2,433	6.5
2022	17.9	--	18	11.7	1,507	7.3
Middle						
2020	52.4	53.5	122	52.4	19,745	47.8
2021	52.4	54.4	134	51.7	19,006	50.6
2022	45.0	--	72	46.8	10,767	52.2
Upper						
2020	30.7	35.5	90	38.6	19,171	46.4
2021	30.7	32.8	88	34.0	15,167	40.4
2022	33.5	--	60	39.0	8,038	39.0
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	233	100.0	41,347	100.0
2021	100.0	100.0	259	100.0	37,546	100.0
2022	100.0	--	154	100.0	20,616	100.0
<i>Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 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. As shown in the following table, the bank's performance in low-income census tracts slightly trailed aggregate and demographic data in 2020, and slightly exceeded aggregate and demographic data in 2021. The bank did not originate any loans in low-income census tracts in 2022. The opportunity to lend in low-income census tracts is limited as 7.3 percent, 7.5 percent, and 4.9 percent of businesses are in low-income census tracts in 2020, 2021, and 2022, respectively. The bank's performance in moderate-income census tracts trailed 2020 and 2021 aggregate and demographic data. The bank's performance in 2022 in moderate-income census tracts improved and exceeded demographic data.

Market share data further supports the bank's good performance. Of the 114 CRA reporters that made loans in the assessment area in 2021, only 42 made loans in a low-income census tract. Northwest ranked 15th in lending in low-income census tracts with a 1.7 percent market share. The top three lenders in such tracts were 1st Source Bank, American Express National Bank, and JPMorgan Chase Bank, N.A. Furthermore, 65 CRA reporters made loans in a moderate-income census tract in the assessment area in 2021. Northwest ranked 21st in lending in moderate-income census tracts with a 0.8 percent market share. The top three lenders were 1st Resource Bank, JPMorgan Chase Bank, N.A., and American Express National Bank.

Geographic Distribution of Small Business Loans South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	7.3	6.1	13	5.3	1,472	5.0
2021	7.5	6.5	9	8.0	510	3.3
2022	4.9	--	0	0.0	0	0.0
Moderate						
2020	16.5	15.1	25	10.2	1,942	6.7
2021	17.3	14.9	10	8.9	1,155	7.5
2022	23.2	--	15	42.9	2,716	68.3
Middle						
2020	51.3	53.4	150	61.5	19,788	67.9
2021	50.7	52.0	70	62.5	10,660	69.6
2022	43.1	--	12	34.3	513	12.9
Upper						
2020	24.8	25.4	56	23.0	5,944	20.4
2021	24.5	26.6	23	20.5	2,999	19.6
2022	28.3	--	8	22.9	747	18.8
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.4	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	244	100.0	29,146	100.0
2021	100.0	100.0	112	100.0	15,324	100.0
2022	100.0	--	35	100.0	3,976	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different size. Northwest's good performance of home mortgage lending supports this conclusion. Examiners focused on the number of home mortgage loans to low- and moderate-income borrowers and the number of small business loans to businesses with GAR of \$1.0 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. As shown in the following table, the bank's performance of home mortgage lending to low-income borrowers slightly exceeded 2020 and 2021 aggregate data and trailed demographic data throughout the review period. A low-income family in the assessment area may not likely qualify for a mortgage under conventional underwriting standards considering the median housing value of \$136,519. Therefore, the opportunities for lending to low-income families are limited. This helps explain the difference between the aggregate and bank's performance and the percentage of families at this income level. The bank's performance of lending to moderate-income borrowers trailed aggregate data in 2020 and slightly exceeded aggregate data in 2021. The bank's performance of lending to moderate-income borrowers trailed demographic data in 2020 and exceeded demographic data in 2021 and 2022.

Market share data further supports the bank's good performance. Of the 380 HMDA reporters that made loans in the assessment area in 2021, 125 made loans to a low-income borrower. Northwest ranked 18th in lending to low-income borrowers with a 1.3 percent market share. The top three lenders in such tracts were Notre Dame Federal Credit Union, Teachers Credit Union, and Ruoff Mortgage Company. Furthermore, 193 HMDA reporters made loans to a moderate-income borrower in the assessment area in 2021. Northwest ranked 22nd in lending to moderate-income borrowers with a 1.2 percent market share. The top three lenders were Ruoff Mortgage Company, Teachers Credit Union, and Hallmark Home Mortgage, LLC.

Distribution of Home Mortgage Loans by Borrower Income Level South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	20.7	8.7	22	9.4	1,748	4.2
2021	20.7	10.8	31	12.0	2,090	5.6
2022	19.9	--	23	14.9	1,530	7.4
Moderate						
2020	17.3	21.4	39	16.7	4,077	9.9
2021	17.3	22.6	62	23.9	6,078	16.2
2022	17.7	--	34	22.1	2,826	13.7
Middle						
2020	21.5	22.6	63	27.0	8,037	19.4
2021	21.5	22.6	63	24.3	7,304	19.5
2022	22.3	--	43	27.9	3,854	18.7
Upper						
2020	40.4	32.5	105	45.1	26,436	63.9
2021	40.4	30.2	95	36.7	21,029	56.0
2022	40.1	--	48	31.2	8,146	39.5
Not Available						
2020	0.0	14.7	4	1.7	1,049	2.5
2021	0.0	13.7	8	3.1	1,045	2.8
2022	0.0	--	6	3.9	4,262	20.7
Totals						
2020	100.0	100.0	233	100.0	41,347	100.0
2021	100.0	100.0	259	100.0	37,546	100.0
2022	100.0	--	154	100.0	20,616	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different sizes. As shown in the following table, the bank's performance of lending to businesses with GAR of \$1.0 million or less significantly trailed 2020 and 2021 aggregate and demographic data. The bank's performance of lending to such businesses greatly improved in 2022 but continued to trail demographic data. In 2020 and 2021, the bank's percentage of loans to businesses with revenue not available was high primarily due to the bank originating PPP loans.

Examiners further analyzed the bank's performance based on small business loans that were not PPP loans. In 2020 and 2021, the bank originated 59.4 percent and 56.3 percent of these loans to

businesses with GAR of \$1.0 million or less, respectively. The bank's distribution of non-PPP small business loans to businesses with GAR of \$1.0 million or less is adequate.

Market share data further supports the bank's adequate performance. Of the 114 CRA reporters that made loans in the assessment area in 2021, 54 made loans to a business with GAR of \$1.0 million or less. Northwest ranked 22nd in lending to businesses with GAR of \$1.0 million or less with a 0.5 percent market share. The top three lender to businesses with GAR of \$1.0 million or less were 1st Source Bank, JPMorgan Chase Bank, N.A., and US Bank, N.A.

Distribution of Small Business Loans by Gross Annual Revenue Category						
South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	82.5	30.8	19	7.8	3,827	13.1
2021	84.5	43.9	18	16.1	1,697	11.1
2022	86.5	--	27	77.1	1,623	40.8
>\$1,000,000						
2020	6.1	--	4	1.6	1,070	3.7
2021	5.1	--	7	6.3	1,362	8.9
2022	4.3	--	8	22.9	2,353	59.2
Revenue Not Available						
2020	11.4	--	221	90.6	24,249	83.2
2021	10.4	--	87	77.7	12,265	80.0
2022	9.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	244	100.0	29,146	100.0
2021	100.0	100.0	112	100.0	15,324	100.0
2022	100.0	--	35	100.0	3,976	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Innovative or Flexible Lending Practices

Northwest uses innovative and flexible lending practices to address the credit needs of low- and moderate-income individuals and geographies throughout the assessment area.

Community Development Loans

Northwest has made an adequate level of community development loans. The bank originated three community development loans totaling \$3.4 million during the evaluation period that specifically

benefit the assessment area. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	1	45	0	0	0	0	1	58	2	103
2022	1	3,827	0	0	0	0	0	0	1	3,827
1/1/2023 – 7/10/2023	0	0	0	0	0	0	0	0	0	0
Total	2	3,872	0	0	0	0	1	58	3	3,930
<i>Source: Bank Data</i>										

The following details all community development loans that benefit the assessment area.

- In 2021, Northwest originated one PPP loan totaling \$57,726 to a non-profit organization located a moderate-income census tract. This loan revitalizes or stabilizes the census tract by supporting a non-profit struggling during the COVID-19 pandemic.
- In 2021, Northwest originated a \$45,000 multifamily loan that supported affordable housing within the South Bend-Elkhart-Mishawaka, IN-MI CSA assessment area. The loan improved a 16-unit multifamily dwelling. All units in the dwelling have rents less than HUD fair market rent for the county.
- The bank made a \$3.8 million loan to a local community development corporation (CDC) within South Bend, IN in support of affordable housing efforts and programs. The CDC is responsible for operating below market rent housing exclusively for low-income persons and families. In addition, the CDC constructs and sells single-family homes to those low- and moderate-income families in the South Bend area, providing resources and support throughout the purchase process. Beyond affordable housing efforts, the CDC conducts financial literacy seminars and constructively assists those in need with financial goal planning.

INVESTMENT TEST

Northwest demonstrated adequate performance under the Investment Test. The Investment and Grant Activity criterion performance supports this conclusion.

Investment and Grant Activity

Northwest has an adequate level of qualified donations and grants. During the evaluation period, Northwest purchased equity investments totaling \$373,738 million that benefitted low- and moderate-income families within the South Bend-Elkhart, IN-MI CSA assessment area and 32

qualified donations totaling \$73,395. The previous CRA evaluation did not include an assessment area within the South Bend-Elkhart-Mishawaka, IN-MI CSA.

Qualified Investments South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
6/29/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
1/1/2023 – 7/10/2023	--	374	0	0	0	0	0	0	--	374
Subtotal	--	374	0	0	0	0	0	0	--	374
Donations & Grants	4	12	18	46	1	15	0	0	23	73
Total	4	386	18	46	1	15	0	0	23	447
<i>Source: Bank Data. "--" data not available</i>										

New Investments

During the review period, Northwest purchased two FNMA and GNMA MBSs with \$373,738 benefitting low- and moderate-income families within the South Bend-Elkhart-Mishawaka, IN-MI CSA assessment area.

Donations/Grants

Notable donations provided during the review period include the following:

- The bank donated \$25,000 to a non-profit organization that assists and sponsors a financial education series for low-income individuals and small businesses. These donations support community services in the assessment area.
- The bank donated \$9,050 to a community development corporation that provides affordable housing to low- and moderate-income individuals in the assessment area.

Responsiveness to Credit and Community Development Needs

Northwest exhibits adequate responsiveness to credit and community economic development needs throughout its South Bend-Elkhart-Mishawaka, IN-MI CSA assessment area. Management directed the majority of the bank's investments and grants (by dollar amount) to support affordable housing.

Community Development Initiatives

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

SERVICE TEST

Northwest demonstrated adequate performance under the Service Test. The Community Development Services and Changes in Branch Location 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. As shown in the following table, the bank's branch and ATM distribution is significantly above census tract and population distribution within moderate-income census tracts. However, there are no branches or ATMs located within the low-income census tracts. The branch distribution and alternative delivery systems for the South Bend-Elkhart-Mishawaka, IN-MI CSA assessment area is consistent with the IN rated area overall.

Branch and ATM Distribution by Geography Income Level South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	11	8.7	27,799	5.8	0	0.0	0	0.0
Moderate	31	24.4	107,229	22.3	2	50.0	5	41.7
Middle	49	38.6	207,274	43.2	1	25.0	4	33.3
Upper	35	27.6	135,793	28.3	1	25.0	3	25.0
NA	1	0.8	1,864	0.4	0	0.0	0	0.0
Total	127	100.0	479,959	100.0	4	100.0	12	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has 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 evaluation period, the bank closed five branches within the South Bend-Elkhart-Mishawaka, IN-MI CSA assessment area. The closures included two branches located within moderate-income census tracts, both located in South Bend, IN, and two located in middle-income census tracts. While there are other financial institutions that have branches located within the South Bend community (within one mile from each of the closures), the closest Northwest branch is eight miles away from both branch closures.

Net Distribution of Branch Openings/Closings						
County	# of Branch Openings	# of Branch Closings	Income Level of Census Tract (+/-)			
			Low	Moderate	Middle	Upper
Elkhart	0	1	0	0	-1	0
St. Joseph	0	4	0	-2	-2	0
Total	0	5	0	-2	-3	0

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. The business hours and services offered for the South Bend-Elkhart-Mishawaka, IN-MI CSA assessment area are consistent with the IN rated area overall.

Community Development Services

Northwest provides an adequate level of community development services within its South Bend-Elkhart-Mishawaka IN-MI CSA assessment area. Bank personnel participate in various community development service initiatives by providing financial expertise through Board and committee membership. Bank officers and employees provided community development services to approximately five community development organizations in the bank's South Bend-Elkhart-Mishawaka, IN-MI CSA 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.

Community Development Services South Bend-Elkhart-Mishawaka, IN-MI CSA Assessment Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/29/2020 – 12/31/2020	0	0	0	0	0
2021	0	20	0	0	20
2022	16	127	0	0	143
1/1/2023 – 7/10/2023	0	0	0	0	0
Total	16	147	0	0	163
<i>Source: Bank Data</i>					

Below are some notable examples of the bank's community development services.

- During the evaluation period, a bank employee worked as an instructor of a neighborhood organization in South Bend, IN. The Bank employee taught financial education courses to low- and moderate-income adults in the area during this time. This service supports community development services in the assessment area.
- During the evaluation period, a bank employee served as a Board member of a non-profit organization that created the Homeownership Assistance Program for first time homebuyers. The Homeownership Assistance Program efforts of seven local financial institutions and the city of South Bend. Homebuyers receive two loans; a first-lien mortgage and a forgivable second-lien mortgage. Prospective homebuyers must be low- or moderate-income to qualify. The service supports affordable housing efforts in the assessment area.

MUNCIE, IN MSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MUNCIE, IN MSA ASSESSMENT AREA

The Muncie, IN MSA assessment area includes Delaware County in the Muncie, IN MSA #34620. The bank operates five full service branch offices within this assessment area. The bank’s operations in the assessment area represent 2.3 percent of total in-assessment area lending (by number), 4.5 percent of total deposits, and 3.7 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 30 census tracts reflecting the following income designations according to the 2015 ACS:

- 4 low-income census tracts,
- 9 moderate-income census tracts,
- 8 middle-income census tracts,
- 7 upper-income census tracts, and
- 2 census tracts with no income designation.

For 2022, the same assessment area included 34 census tracts reflecting the following income designations according to the 2020 Census data:

- 2 low-income census tracts,
- 8 moderate-income census tracts,
- 13 middle-income census tracts,
- 9 upper-income census tracts, and
- 2 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Muncie, IN MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	34	5.9	23.5	38.2	26.5	5.9
Population by Geography	111,903	3.6	15.0	44.6	30.0	6.8
Housing Units by Geography	52,677	4.3	17.0	46.7	28.9	3.0
Owner-Occupied Units by Geography	30,058	3.1	11.3	44.7	39.3	1.6
Occupied Rental Units by Geography	16,574	4.2	26.0	48.6	15.3	5.9
Vacant Units by Geography	6,045	10.8	20.8	51.4	14.8	2.2
Businesses by Geography	9,155	2.7	13.6	49.3	30.5	3.9
Farms by Geography	396	1.8	5.8	54.0	37.6	0.8
Family Distribution by Income Level	27,219	20.6	17.3	22.3	39.8	0.0
Household Distribution by Income Level	46,632	25.6	16.2	15.8	42.4	0.0
Median Family Income - 34620 Muncie, IN MSA		\$61,415	Median Housing Value			\$92,765
Families Below Poverty Level		12.3%	Median Gross Rent			\$687
Source: 2020 U.S. Census and 2022 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.						

There are 52,677 housing units in the assessment area. Of these units, 57.1 percent are owner-occupied, 31.5 percent are rental occupied, and 11.4 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 3.1 percent and 11.3 percent of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. This distribution reflects limited opportunities to originate home mortgage loans in low- and moderate-income census tracts in the assessment area.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Muncie, IN MSA Median Family Income (34620)				
2020 (\$64,600)	<\$32,300	\$32,300 to <\$51,680	\$51,680 to <\$77,520	≥\$77,520
2021 (\$60,100)	<\$30,050	\$30,050 to <\$48,080	\$48,080 to <\$72,120	≥\$72,120
2022 (\$69,100)	<\$34,550	\$34,550 to <\$55,280	\$55,280 to <\$82,920	≥\$82,920
Source: FFIEC				

According to 2022 D&B data, there were 9,155 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 85.8 percent had GARs of \$1.0 million or less;

- 3.9 percent had GARs of more than \$1.0 million; and
- 10.3 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 36.2 percent, followed by non-classifiable establishments (21.4 percent), retail trade (12.2 percent), and finance, insurance, and real estate (10.7 percent). Most businesses have four or fewer employees (60.6 percent) and operate at a single location (89.5 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MUNCIE, IN MSA ASSESSMENT AREA

LENDING TEST

The bank's Lending Test performance in the assessment area is consistent with its performance in the IN rated area. This conclusion takes into account the bank's percentage of lending, deposits, and branches in the assessment area.

The following tables illustrate demographic and lending data for Geographic Distribution and Borrower Profile, upon which examiners based the Lending Test conclusion for this assessment area.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Muncie, IN MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	3.8	0.9	2	1.1	85	0.3
2021	3.8	1.4	7	3.3	275	1.0
2022	3.1	--	1	0.6	54	0.3
Moderate						
2020	21.6	11.8	21	11.1	1,872	7.6
2021	21.6	16.3	20	9.3	1,684	6.2
2022	11.3	--	13	7.4	562	3.2
Middle						
2020	30.3	29.4	55	28.9	6,399	25.9
2021	30.3	29.7	74	34.4	8,504	31.4
2022	44.7	--	72	41.1	5,933	33.7
Upper						
2020	43.5	56.3	109	57.4	16,010	64.9
2021	43.5	51.2	113	52.6	16,527	60.9
2022	39.3	--	89	50.9	11,036	62.8
Not Available						
2020	0.8	1.5	3	1.6	314	1.3
2021	0.8	1.4	1	0.5	130	0.5
2022	1.6	--	0	0.0	0	0
Totals						
2020	100.0	100.0	190	100.0	24,679	100.0
2021	100.0	100.0	215	100.0	27,120	100.0
2022	100.0	--	175	100.0	17,584	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Geographic Distribution of Small Business Loans						
Muncie, IN MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.5	6.4	8	4.6	702	4.6
2021	6.4	6.2	5	4.7	490	5.5
2022	2.7	--	1	3.6	219	6.2
Moderate						
2020	28.1	32.3	51	29.1	4,766	31.1
2021	27.9	26.9	24	22.6	2,770	31.0
2022	13.6	--	8	28.6	1,521	43.0
Middle						
2020	28.2	25.9	53	30.3	6,142	40.0
2021	27.3	27.0	36	34.0	3,511	39.3
2022	49.3	--	12	42.9	1,073	30.3
Upper						
2020	33.5	31.7	53	30.3	2,779	18.1
2021	34.0	37.2	38	35.8	2,086	23.3
2022	30.5	--	7	25.0	726	20.5
Not Available						
2020	4.8	3.6	10	5.7	948	6.2
2021	4.5	2.8	3	2.8	84	0.9
2022	3.9	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	175	100.0	15,337	100.0
2021	100.0	100.0	106	100.0	8,941	100.0
2022	100.0	--	28	100.0	3,539	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level						
Muncie, IN MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	21.7	9.7	13	6.8	928	3.8
2021	21.7	7.0	20	9.3	946	3.5
2022	20.6	--	30	17.1	1,484	8.4
Moderate						
2020	16.8	19.8	33	17.4	2,514	10.2
2021	16.8	18.1	36	16.7	2,680	9.9
2022	17.3	--	44	25.1	3,049	17.3
Middle						
2020	20.8	21.0	49	25.8	5,694	23.1
2021	20.8	19.6	48	22.3	4,366	16.1
2022	22.3	--	31	17.7	2,350	13.4
Upper						
2020	40.7	31.2	79	41.6	13,493	54.7
2021	40.7	32.3	92	42.8	16,695	61.6
2022	39.8	--	64	36.6	9,822	55.9
Not Available						
2020	0.0	18.3	16	8.4	2,049	8.3
2021	0.0	23.1	19	8.8	2,434	9.0
2022	0.0	--	6	3.4	879	5.0
Totals						
2020	100.0	100.0	190	100.0	24,679	100.0
2021	100.0	100.0	215	100.0	27,120	100.0
2022	100.0	--	175	100.0	17,584	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 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						
Muncie, IN MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	81.6	33.0	15	8.6	1,715	11.2
2021	84.1	49.8	17	16.0	1,948	21.8
2022	85.7	--	16	57.1	1,513	42.8
>\$1,000,000						
2020	5.5	--	9	5.1	1,058	6.9
2021	4.5	--	10	9.4	1,159	13.0
2022	3.9	--	11	39.3	2,006	56.7
Revenue Not Available						
2020	12.9	--	151	86.3	12,564	81.9
2021	11.4	--	79	74.5	5,834	65.3
2022	10.4	--	1	3.6	20	0.6
Totals						
2020	100.0	100.0	175	100.0	15,337	100.0
2021	100.0	100.0	106	100.0	8,941	100.0
2022	100.0	--	28	100.0	3,539	100.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Community Development Loans

Northwest's community development lending performance in this assessment area is consistent with the bank's performance in the IN rated area. During the evaluation period, the bank made eight community development loans totaling \$1.2 million that primarily support affordable housing efforts and revitalizes or stabilizes low- and moderate-income census tracts in the assessment area.

INVESTMENT TEST

Northwest's community development investment performance in the Muncie, IN MSA assessment area is consistent with its performance in the IN rated area. During the evaluation period, Northwest purchased one Freddie Mac MBS with \$168,810 benefitting low- and moderate-income families within the Muncie, IN MSA assessment area and 27 qualified donations totaling \$154,400.

SERVICE TEST

Northwest's community development services performance in this assessment area is consistent with the bank's performance in the IN rated area. Since the previous evaluation, the bank closed

two branches in this assessment area. One branch was located in a low-income census tract and the other was located in a moderate-income census tract (both in Muncie, IN). In both closures, the closest Northwest branch is four miles away. During the review period, bank officers and employees provided 2,167 community development service hours to approximately 13 community development organizations in the bank's Muncie, IN MSA assessment area.

BLOOMINGTON, IN MSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BLOOMINGTON, IN MSA ASSESSMENT AREA

The Bloomington, IN MSA assessment area includes Monroe and Owen Counties in the Bloomington, IN MSA #14020. The bank operates one full service branch office within this assessment area. The bank's operations in the assessment area represent 0.2 percent of total in-assessment area lending (by number), 0.3 percent of total deposits, and 0.7 percent of total branches.

Economic and Demographic Data

For 2020 and 2021, the assessment area included 36 census tracts reflecting the following income designations according to the 2015 ACS:

- 3 low-income census tracts,
- 5 moderate-income census tracts,
- 16 middle-income census tracts,
- 11 upper-income census tracts, and
- 1 census tract with no income designation.

For 2022, the same assessment area included 39 census tracts reflecting the following income designations according to the 2020 Census data:

- 2 low-income census tracts,
- 8 moderate-income census tracts,
- 16 middle-income census tracts,
- 10 upper-income census tracts, and
- 3 census tracts with no income designation.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Bloomington, IN MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	39	5.1	20.5	41.0	25.6	7.7
Population by Geography	161,039	5.5	18.6	37.5	28.1	10.3
Housing Units by Geography	72,307	6.8	19.0	39.5	28.5	6.2
Owner-Occupied Units by Geography	37,999	1.8	17.6	43.7	35.3	1.6
Occupied Rental Units by Geography	27,230	12.2	21.8	34.3	20.3	11.4
Vacant Units by Geography	7,078	12.4	15.8	37.2	23.8	10.9
Businesses by Geography	15,417	12.0	15.8	35.0	32.2	5.0
Farms by Geography	547	2.0	18.6	51.7	26.9	0.7
Family Distribution by Income Level	35,368	19.9	18.1	21.1	40.9	0.0
Household Distribution by Income Level	65,229	26.4	13.7	17.8	42.2	0.0
Median Family Income - 14020 Bloomington, IN MSA		\$74,499	Median Housing Value			\$193,060
Families Below Poverty Level		10.3%	Median Gross Rent			\$944
Source: 2020 U.S. Census and 2022 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.						

There are 72,307 housing units in the assessment area. Of these units, 52.6 percent are owner-occupied, 37.6 percent are rental occupied, and 9.8 percent are vacant. As previously stated, the geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The above table shows only 1.8 percent of owner-occupied housing units are located in low-income census tracts. This distribution reflects limited opportunities to originate home mortgage loans in low-income census tracts in the assessment area. Furthermore, 17.6 percent of owner-occupied housing units are located in moderate-income census tracts.

The 2020, 2021, and 2022 FFIEC-updated MFI data to analyze home mortgage loans under the borrower profile criterion for the assessment area is as follows:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bloomington, IN MSA Median Family Income (14020)				
2020 (\$71,800)	<\$35,900	\$35,900 to <\$57,440	\$57,440 to <\$86,160	≥\$86,160
2021 (\$73,500)	<\$36,750	\$36,750 to <\$58,800	\$58,800 to <\$88,200	≥\$88,200
2022 (\$88,500)	<\$44,250	\$44,250 to <\$70,800	\$70,800 to <\$106,200	≥\$106,200
<i>Source: FFIEC</i>				

According to 2022 D&B data, there were 15,417 non-farm businesses in the assessment area. These businesses have the following GAR characteristics:

- 88.8 percent had GARs of \$1.0 million or less;

- 3.0 percent had GARs of more than \$1.0 million; and
- 8.2 percent had unreported GARs.

Service industries represent the largest share of total businesses in the assessment area at 36.4 percent, followed by non-classifiable establishments (26.1 percent), finance, insurance, and real estate (10.3 percent), and retail trade (9.7 percent). Most businesses have four or fewer employees (58.8 percent) and operate at a single location (92.1 percent). This information reflects the potential demand for, and the opportunity to originate, small business loans in the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BLOOMINGTON, IN MSA ASSESSMENT AREA

LENDING TEST

The bank's Lending Test performance in the assessment area is below the bank's performance in the IN rated area. This conclusion takes into account the bank's percentage of lending, deposits, and branches in the assessment area.

The following tables illustrate demographic and lending data for Geographic Distribution and Borrower Profile, upon which examiners based the Lending Test conclusion for this assessment area.

Geographic Distribution

Home Mortgage Loans

Geographic Distribution of Home Mortgage Loans						
Bloomington, IN MSA Assessment Area						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.5	1.7	0	0.0	0	0.0
2021	2.5	2.1	1	3.4	66	1.2
2022	1.8	--	0	0.0	0	0.0
Moderate						
2020	6.2	7.0	0	0.0	0	0.0
2021	6.2	7.7	2	6.9	195	3.6
2022	17.6	--	5	21.7	323	14.1
Middle						
2020	55.3	52.0	14	63.6	3,265	64.5
2021	55.3	52.9	15	51.7	1,430	26.4
2022	43.7	--	12	52.2	1,301	57.0
Upper						
2020	36.0	39.3	8	36.4	1,798	35.5
2021	36.0	37.3	11	37.9	3,736	68.8
2022	35.3	--	6	26.1	657	28.8
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	1.6	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	22	100.0	5,062	100.0
2021	100.0	100.0	29	100.0	5,428	100.0
2022	100.0	--	23	100.0	2,280	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Geographic Distribution of Small Business Loans						
Bloomington, IN MSA Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.2	5.4	0	0.0	0	0.0
2021	5.4	6.0	0	0.0	0	0.0
2022	12.0	--	0	0.0	0	0.0
Moderate						
2020	19.2	20.4	3	42.9	80	24.7
2021	18.6	17.8	2	20.0	82	22.8
2022	15.8	--	0	0.0	0	0.0
Middle						
2020	40.9	40.5	2	28.6	101	31.2
2021	40.4	42.9	5	50.0	173	48.1
2022	35.0	--	0	0.0	0	0.0
Upper						
2020	33.2	33.5	2	28.6	143	44.1
2021	34.3	33.2	3	30.0	105	29.2
2022	32.2	--	0	0.0	0	0.0
Not Available						
2020	1.5	0.2	0	0.0	0	0.0
2021	1.3	0.2	0	0.0	0	0.0
2022	5.0	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	7	100.0	324	100.0
2021	100.0	100.0	10	100.0	360	100.0
2022	100.0	--	0	0.0	0	0.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

Home Mortgage Loans

Distribution of Home Mortgage Loans by Borrower Income Level						
Bloomington, IN MSA Assessment Area						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	22.6	5.4	2	9.1	85	1.7
2021	22.6	6.4	4	13.8	362	6.7
2022	19.9	--	5	21.7	594	26.0
Moderate						
2020	16.5	16.4	0	0.0	0	0.0
2021	16.5	17.0	5	17.2	299	5.5
2022	18.1	--	7	30.4	510	22.4
Middle						
2020	20.7	20.5	5	22.7	870	17.2
2021	20.7	21.5	2	6.9	152	2.8
2022	21.1	--	8	34.8	600	26.3
Upper						
2020	40.2	40.2	13	59.1	2,576	50.9
2021	40.2	38.9	15	51.7	4,164	76.7
2022	40.9	--	2	8.7	560	24.6
Not Available						
2020	0.0	17.4	2	9.1	1,531	30.2
2021	0.0	16.2	3	10.3	450	8.3
2022	0.0	--	1	4.3	16	0.7
Totals						
2020	100.0	100.0	22	100.0	5,062	100.0
2021	100.0	100.0	29	100.0	5,428	100.0
2022	100.0	--	23	100.0	2,280	100.0
Source: 2015 ACS, 2020 U.S. Census, Bank Data, 2020 & 2021 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 Bloomington, IN MSA Assessment Area						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	85.9	25.8	0	0.0	0	0.0
2021	87.2	40.6	2	20.0	55	15.3
2022	88.8	--	0	0.0	0	0.0
>\$1,000,000						
2020	4.2	--	0	0.0	0	0.0
2021	3.5	--	0	0.0	0	0.0
2022	3.0	--	0	0.0	0	0.0
Revenue Not Available						
2020	9.9	--	7	100.0	324	100.0
2021	9.2	--	8	80.0	305	84.7
2022	8.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	7	100.0	324	100.0
2021	100.0	100.0	10	100.0	360	100.0
2022	100.0	--	0	0.0	0	0.0
Source: 2020, 2021, & 2022 D&B Data, Bank Data, 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Community Development Loans

Northwest's community development lending performance in this assessment area is below the bank's performance in the IN rated area. During the evaluation period, the bank made two community development loans totaling \$2.0 million that supported affordable housing efforts in the assessment area.

INVESTMENT TEST

Northwest's community development investment performance in the Bloomington, IN MSA assessment area is below its performance in the IN rated area. During the evaluation period, Northwest made one qualified donation totaling \$110.

SERVICE TEST

Northwest's community development services performance in this assessment area is below the bank's performance in the IN rated area. During the evaluation period, the bank closed one branch located in a moderate-income census tract, located in Bloomington, IN. While there are other

banking facilities in the area, the closest Northwest branch is five miles away. Bank officers and employees provided six community development service hours to one community development organization in the bank's Bloomington, IN MSA assessment area during the review period.

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	
Scope of Examination: Examiners performed full scope reviews on the following assessment areas within the noted rated areas: <ul style="list-style-type: none"> Pennsylvania Rated Area <ul style="list-style-type: none"> • PA Non-MSA • Pittsburgh, PA MSA • Erie, PA MSA • Harrisburg-York-Lebanon, PA CSA • State College, PA MSA New York Rated Area <ul style="list-style-type: none"> • Buffalo-Cheektowaga, NY MSA • NY Non-MSA Ohio Rated Area <ul style="list-style-type: none"> • Cleveland-Akron-Canton, OH CSA Indiana Rated Area <ul style="list-style-type: none"> • Indiana Non-MSA • South Bend-Elkhart-Mishawaka, IN-MI MSA Examiners performed limited scope reviews on the following assessment areas within the noted rated areas: <ul style="list-style-type: none"> Pennsylvania Rated Area <ul style="list-style-type: none"> • Johnstown, PA MSA • Lancaster, PA MSA • Williamsport, PA MSA • Youngstown-Warren, OH-PA MSA New York Rated Area <ul style="list-style-type: none"> • Rochester, NY MSA Indiana Rated Area <ul style="list-style-type: none"> • Muncie, IN MSA • Bloomington, IN MSA 	
Time Period Reviewed:	6/29/2020 – 7/10/2023
Products Reviewed: Home Mortgage Loans: 1/1/2020 to 12/31/2022 Small Business Loans: 1/1/2020 to 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Rated Area/Assessment Area	Type of Evaluation	Branches Visited	Other Information
Pennsylvania			
PA Non-MSA	Full-scope	None	None
Pittsburgh, PA MSA	Full-scope	None	None
Erie, PA MSA	Full-scope	None	None
Harrisburg-York-Lebanon, PA CSA	Full-scope	None	None
State College, PA MSA	Full-scope	None	None
Johnstown, PA MSA	Limited-scope	None	None
Lancaster, PA MSA	Limited-scope	None	None
Williamsport, PA MSA	Limited-scope	None	None
Youngstown-Warren, OH-PA MSA	Limited-scope	None	None
New York			
Buffalo-Cheektowaga, NY MSA	Full-scope	None	None
NY Non-MSA	Full-scope	None	None
Rochester, NY MSA	Limited-scope	None	None
Ohio			
Cleveland-Akron-Canton, OH CSA	Full-scope	None	None
Indiana			
IN Non-MSA	Full-scope	None	None
South Bend-Elkhart-Mishawaka, IN-MI MSA	Full-scope	None	None
Muncie, IN MSA	Limited-scope	None	None
Bloomington, IN MSA	Limited-scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

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

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.