

# **PUBLIC DISCLOSURE**

August 6, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

First Commerce Bank  
Certificate Number: 58054

105 River Ave  
Lakewood, NJ 08701

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.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and assessment areas credit needs.
- The bank made a majority of its small business and home mortgage loans inside the assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Outstanding.**

The bank's community development performance demonstrates excellent responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in its assessment areas.

## DESCRIPTION OF INSTITUTION

### **Background**

First Commerce Bank (FCB) is a state-chartered community bank headquartered in Lakewood, New Jersey (NJ). FCB is wholly owned by First Commerce Bancorp, Inc., a one-bank holding company also headquartered in Lakewood. FCB received an “Outstanding” Community Reinvestment Act (CRA) rating from the Federal Deposit Insurance Corporation (FDIC) during its prior evaluation dated January 10, 2022, using Intermediate Small Institution Examination Procedures.

### **Operations**

FCB operates 10 full-service branches throughout Bergen (3), Burlington (1), Essex (1), Mercer (1), Monmouth (2), and Ocean (2) Counties in NJ. Of these, two are in moderate-income census tracts, four are in middle-income census tracts, and four are in upper-income census tracts. FCB opened a branch in a middle-income census tract in Ocean County in August 2023 and closed a branch in an upper-income census tract in Bergen County in June 2024. FCB has not engaged in any merger or acquisition activity since the previous evaluation.

The bank offers residential, consumer, and commercial loan products. FCB continues to focus primarily on commercial lending and is a Small Business Administration (SBA) approved lender. FCB’s deposit products include a variety of checking, savings, money market, and certificate of deposit accounts. Alternative banking services include online banking, mobile banking, person-to-person payments through Zelle, and bank-owned automated teller machines (ATMs) at each branch.

### **Ability and Capacity**

As of March 31, 2024, assets totaled \$1.5 billion, deposits totaled \$1.1 billion, loans totaled \$1.2 billion, and securities totaled \$70.3 million. Since the prior evaluation, total assets increased 29.9 percent, total loans increased 41.7 percent, total deposits increased 19.7 percent, and total securities increased 48.9 percent. The following table illustrates the bank’s loan portfolio.

<b>Loan Portfolio Distribution as of 3/31/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	124,311	10.0
Secured by Farmland	6,725	0.5
Secured by 1-4 Family Residential Properties	193,033	15.5
Secured by Multifamily (5 or more) Residential Properties	56,072	4.5
Secured by Nonfarm Nonresidential Properties	831,886	66.9
<b>Total Real Estate Loans</b>	<b>1,212,027</b>	<b>97.4</b>
Commercial and Industrial Loans	32,075	2.6
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	255	<0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,244,357</b>	<b>100.0</b>
<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 the credit needs of its assessment areas.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which the FDIC will evaluate its performance. FCB designates the following assessment areas:

**Combined Statistical Area (CSA) 408:** This assessment area consists of all of Bergen, Mercer, and Monmouth Counties in NJ and all of Rockland County in New York (NY). This assessment area also includes portions of the following NJ counties: Essex, Ocean, and Passaic.

Bergen, Passaic, and Rockland Counties are located in Metropolitan Division (MD) 35614 (New York-Jersey City-White Plains, NY-NJ). Essex County is located in MD 35084 (Newark, NJ). Monmouth and Ocean Counties are located in MD 29484 (Lakewood-New Brunswick, NJ). These MDs are part of the larger Metropolitan Statistical Area (MSA) 35620 (New York-Newark-Jersey City, NY-NJ). Mercer County is located in MSA 45940 (Trenton-Princeton, NJ). MSAs 35620 and 45940 are part of the larger CSA 408 (New York-Newark, NY-NJ-CT-PA).

Examiners evaluated the bank’s performance in each MSA and identified no disparities. Therefore, this evaluation presents lending and community development activities at the CSA level for this assessment area.

**Burlington County:** This assessment area consists of part of Burlington County, NJ, which is located in MD 15804 (Camden, NJ). This MD is part of the larger MSA 37980 (Philadelphia-Camden-Wilmington, PA-NJ-DE-MD).

FCB did not change its assessment areas during the review period; however, 2020 Office of Management and Budget MSA revisions added 89 census tracts to the combined assessment area when compared to the previous evaluation. The number of low-income census tracts increased by 3, moderate-income census tracts increased by 23, middle-income census tracts increased by 38, upper-income census tracts increased by 19, and census tracts with no income designations increased by 6.

Please refer to the table below for a detailed description of each assessment area:

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
CSA 408	Bergen, NJ	203	3
	Essex, NJ	1	1
	Mercer, NJ	84	1
	Monmouth, NJ	155	2
	Ocean, NJ	112	2
	Passaic, NJ	106	0
	Rockland, NY	80	0
<b>Subtotal CSA 408</b>		<b>741</b>	<b>9</b>
Burlington County	Burlington, NJ	25	1
<b>Total</b>		<b>766</b>	<b>10</b>
<i>Source: Bank Data</i>			

The individual assessment area sections provide detailed demographic and economic information for each assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated January 10, 2022, to the current evaluation dated August 6, 2024. Examiners used Intermediate Small Institution Examination Procedures to evaluate the bank’s performance. These procedures consist of the Lending Test and the Community Development Test.

The CSA 408 assessment area was reviewed using full-scope examination procedures due to the greatest level of lending, deposits, and branches in the assessment area. The Burlington County assessment area was reviewed with full-scope examination procedures because it has not received a full-scope review since FCB added the county to its assessment area in 2018. As the substantial majority of FCB’s lending activity, deposits, and branches are in the CSA 408 assessment area, performance in this assessment area received significantly greater weight when determining the overall rating.

## **Activities Reviewed**

FCB's major product lines, considering its business strategy and the number and dollar volume of loans originated and purchased during the evaluation period, are small business and home mortgage loans. All home mortgage loans are secured by investment properties. FCB has not offered 1-4 family owner-occupied home mortgage loans since the previous evaluation. No other loan types, such as small farm or consumer loans, represent a major product line or provide material support for conclusions or ratings; therefore, examiners did not present these products. Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period.

This evaluation presents both the number and dollar volume of loans. Examiners emphasized performance by number of loans, as it is a better indicator of the number of businesses and individuals served. The bank's small business lending contributed more weight to overall conclusions due to the larger volume of originations since the prior evaluation when compared to home mortgage lending.

This evaluation analyzed and presented all small business loans originated in 2022 and 2023. Due to the bank's asset size, FCB is not required to collect or report its small business loan data; however, management voluntarily collected this data. FCB originated 85 small business loans totaling \$35.1 million in 2022 and 77 loans totaling \$30.5 million in 2023. This evaluation also analyzed and presented all home mortgage loans that FCB reported on its 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Register; the bank was below the loan volume threshold that required reporting in 2022. In 2023, the bank originated 21 home mortgage loans totaling \$31.6 million.

For the Lending Test, examiners analyzed 2022 and 2023 small business loan data, using 2022 and 2023 D&B demographic data for comparison purposes. Examiners only presented 2023 small business loan data, as performance was similar in 2022. Examiners also analyzed and presented 2023 home mortgage lending data, using 2020 U.S. Census data for comparison purposes. Examiners did not compare small business or home mortgage lending performance to 2023 aggregate lending, as that data had not been released as of the evaluation date. The Community Development Test includes a review of all community development loans, investments and donations, and services since the previous evaluation.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

FCB demonstrated reasonable performance under the Lending Test. FCB's performance in the CSA 408 assessment area primarily supports this conclusion.

This section presents the bank's overall performance under the Lending Test. Refer to the individual assessment area sections for detailed discussions of the bank's Lending Test performance.

### **Loan-to-Deposit Ratio**

The LTD ratio is more than reasonable given the bank’s size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Call Report data for the 9 calendar quarters since the prior evaluation, averaged 106.3 percent from March 31, 2022, to March 31, 2024. The ratio remained generally stable during the evaluation period, ranging from a low of 94.9 percent as of March 31, 2022, to a high of 111.7 percent as of March 31, 2023. FCB’s average LTD ratio compares favorably to similarly situated institutions based on asset size, geographic location, and lending focus.

The following table compares FCB’s average net LTD ratio to those of similarly situated institutions.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 3/31/2024 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>First Commerce Bank</b>	<b>1,452,486</b>	<b>106.3</b>
The Bank of Princeton	1,982,746	96.7
Magyar Bank	928,098	93.0
<i>Source: Reports of Condition and Income 3/31/2022 - 3/31/2024</i>		

**Assessment Area Concentration**

A majority of loans are in the bank’s assessment areas. FCB made a majority of its small business loans, by number and dollar amount, within its combined assessment areas. The bank also made a majority of its home mortgage loans by number within its combined assessment areas. While the table shows the majority of home mortgage loans by dollar volume were made outside of the combined assessment areas, this percentage resulted from the significant influence of only 2 home mortgage loans totaling \$16.1 million originated outside of the combined assessment areas. Please refer to the following table.

<b>Lending Inside and Outside of the Assessment Areas</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollars Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business										
2022	62	72.9	23	27.1	85	21,933	62.5	13,163	37.5	35,096
2023	62	80.5	15	19.5	77	23,431	76.9	7,049	23.1	30,480
<b>Subtotal</b>	<b>124</b>	<b>76.5</b>	<b>38</b>	<b>23.5</b>	<b>162</b>	<b>45,364</b>	<b>69.2</b>	<b>20,212</b>	<b>30.8</b>	<b>65,576</b>
Home Mortgage										
2023	16	76.2	5	23.8	21	11,858	37.6	19,717	62.4	31,575
<b>Total</b>	<b>140</b>	<b>76.5</b>	<b>43</b>	<b>23.5</b>	<b>183</b>	<b>57,222</b>	<b>58.9</b>	<b>39,929</b>	<b>41.1</b>	<b>97,151</b>
<i>Source: Bank Data; 2023 HMDA Reported Data</i>										

**Geographic Distribution**



The geographic distribution of loans reflects excellent dispersion throughout the assessment areas. FCB's excellent distribution of small business and home mortgage loans in the more heavily weighted CSA 408 assessment area primarily supports this conclusion. Performance in the Burlington County assessment area is below overall performance. Please refer to the individual assessment area sections for details.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels, given the demographics of the assessment areas. The bank's level of lending to businesses with gross annual revenues (GARs) of \$1.0 million or less in the more heavily weighted CSA 408 assessment area supported this overall conclusion. Performance in the Burlington County assessment area is below overall performance. Please refer to the individual assessment area sections for details.

### **Response to Complaints**

FCB has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

FCB demonstrated excellent responsiveness to community development needs in its assessment areas, primarily through community development loans, qualified investments, and community development services considering the bank's capacity and the need and availability of community development opportunities in the assessment areas. Overall, FCB demonstrates leadership in responding to lending, investment, and service opportunities.

### **Community Development Loans**

FCB made 98 community development loans totaling \$483.1 million throughout the assessment areas and broader statewide and regional areas. This level of activity represents 36.2 percent of average total assets and 42.1 percent of average total loans. Community development loans increased 53.1 percent by number and 112.7 percent by dollar amount when compared to the previous evaluation. This increase is particularly noteworthy when considering the prior evaluation covered three full years and one partial year of lending activity compared to the current evaluation period covering one full year and two partial years of lending activity. The bank responded to opportunities for community development loans supporting revitalization or stabilization in low- and moderate-income geographies.

The following table details FCB's community development loans by activity year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (Partial)	8	7,250	1	2,100	0	0	52	283,143	61	292,493
2023	0	0	1	3,000	0	0	27	125,830	28	128,830
YTD 2024	1	400	1	9,240	0	0	7	52,097	9	61,737
<b>Total</b>	<b>9</b>	<b>7,650</b>	<b>3</b>	<b>14,340</b>	<b>0</b>	<b>0</b>	<b>86</b>	<b>461,070</b>	<b>98</b>	<b>483,060</b>

Source: Bank Data

The following table displays FCB’s community development loans by assessment area and purpose. The bank was primarily responsive to the needs of the CSA 408 assessment area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
CSA 408	8	2,297	3	14,340	0	0	79	447,195	90	463,832
Burlington County	0	0	0	0	0	0	0	0	0	0
Regional Activities	1	5,353	0	0	0	0	7	13,875	8	19,228
<b>Total</b>	<b>9</b>	<b>7,650</b>	<b>3</b>	<b>14,340</b>	<b>0</b>	<b>0</b>	<b>86</b>	<b>461,070</b>	<b>98</b>	<b>483,060</b>

Source: Bank Data

Below are notable examples of FCB’s community development loans to the broader statewide and regional area.

- In 2022, the bank made a \$5.4 million loan to an urban revitalization organization located in Union County, NJ. Under a township-approved redevelopment plan, the project provides 33 affordable housing units. Proceeds support affordable housing for low- and moderate-income individuals.
- In 2022, the bank made a \$1.7 million loan to support the purchase of a commercial building. The subject property is in a low-income census tract and Urban Enterprise Zone (UEZ) in Northern NJ. NJ’s UEZ Program strives to revitalize local municipalities by generating economic opportunities for residents and businesses residing in designated zones within the state.
- In 2023, the bank made a \$3.6 million construction loan to an entity to build a multifamily apartment complex under a Redevelopment Project approved by local county government. The project is designated for a moderate-income census tract within a UEZ in Union County, NJ. Proceeds will benefit the area by attracting new or retaining existing residents to an area designated for revitalization or stabilization.

**Qualified Investments**

FCB made 71 qualified investments and donations totaling \$5.7 million that benefitted the assessment areas and broader statewide areas during the evaluation period. This includes six qualified investments totaling approximately \$5.6 million and 65 qualified donations totaling \$121,000. Qualified investment activity represents 0.4 percent of average total assets and 7.5 percent of average total securities since the previous evaluation. Qualified investments increased since the prior evaluation, where the bank made 63 investments and donations totaling \$4.2 million. This is particularly noteworthy when considering the prior evaluation’s longer review period compared to the current review period. FCB’s qualified investment activity was primarily responsive to affordable housing opportunities, while donations were primarily responsive to providing essential community services for low- and moderate-income individuals and families.

The following table presents qualified investments and donations by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	3,051	0	0	0	0	0	0	4	3,051
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	2	2,527	0	0	0	0	0	0	2	2,527
<b>Subtotal</b>	<b>6</b>	<b>5,578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>5,578</b>
Qualified Grants & Donations	11	22	50	89	2	8	2	2	65	121
<b>Total</b>	<b>17</b>	<b>5,600</b>	<b>50</b>	<b>89</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>71</b>	<b>5,699</b>

Source: Bank Data

The following table shows qualified investments and donations by assessment area and purpose. FCB was particularly responsive to needs in the CSA 408 assessment area.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
CSA 408	17	5,600	33	69	2	8	2	2	54	5,679
Burlington County	0	0	7	8	0	0	0	0	7	8
Regional Activities	0	0	10	12	0	0	0	0	10	12
<b>Total</b>	<b>17</b>	<b>5,600</b>	<b>50</b>	<b>89</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>71</b>	<b>5,699</b>

Source: Bank Data

Below are notable examples of FCB’s qualified donations that benefitted the broader statewide and regional area.

- During the evaluation period, FCB made four donations totaling \$7,300 to an organization that provides free food and social services to low- and moderate-income families and

individuals in Union County, NJ. These donations supported community services for low- and moderate-income individuals.

- During the evaluation period, the bank made two donations totaling \$1,000 to a battered women’s center in northern NJ. The center provides community services to low- and moderate-income individuals by providing shelter, necessities, and social services.

**Community Development Services**

FCB participated in 57 instances of financial expertise or technical assistance to 18 different community organizations in the combined assessment areas during the evaluation period. The bank’s provision of community development services decreased slightly when compared to the prior evaluation. Qualified services primarily responded to opportunities to support community services for low- and moderate-income individuals and families.

The following tables reflect the bank’s community development services by purpose, year, and assessment area. FCB was particularly responsive to the needs of the CSA 408 assessment area.

<b>Community Development Services by Year</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022 (Partial)	6	9	1	4	<b>20</b>
2023	6	9	1	5	<b>21</b>
YTD 2024	4	6	1	5	<b>16</b>
<b>Total</b>	<b>16</b>	<b>24</b>	<b>3</b>	<b>14</b>	<b>57</b>
<i>Source: Bank Data</i>					

<b>Community Development Services by Assessment Area</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
CSA 408	16	22	3	14	<b>55</b>
Burlington County	0	2	0	0	<b>2</b>
Regional Activities	0	0	0	0	<b>0</b>
<b>Total</b>	<b>16</b>	<b>24</b>	<b>3</b>	<b>14</b>	<b>57</b>
<i>Source: Bank Data</i>					

FCB’s retail banking services also received consideration given their benefit to low- and moderate-income individuals. Specifically, FCB operates two branches with an ATM in a moderate-income census tract, which improves access to banking services for low- and moderate-income residents. Additionally, the bank offers free and low-cost checking accounts throughout its assessment areas, which benefit low- and moderate-income individuals across all census tracts.

The individual assessment area sections provide additional details and notable examples of the bank's community development services.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## CSA 408 – FULL-SCOPE REVIEW

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN CSA 408

The CSA 408 assessment area consists of portions of Essex, Ocean, and Passaic Counties; all of Bergen, Mercer, and Monmouth Counties in NJ; and all of Rockland County, NY. In total, 9 of the bank’s 10 branches (90.0 percent) and 741 (96.7 percent) of the combined assessment area’s census tracts are located throughout this assessment area. Based on loans made within the combined assessment areas, the bank originated 98.4 percent of its small business loans and 100.0 percent of its HMDA loans within the CSA 408 assessment area. Additionally, as of June 30, 2023, this assessment area accounted for 93.6 percent of the bank’s deposits. Therefore, this assessment area received substantially greater weight than performance in the Burlington County assessment area when arriving at overall ratings and conclusions.

#### **Economic and Demographic Data**

The area’s 741 census tracts reflect the following income designations according to the 2020 U.S. Census Data:

- 76 low-income census tracts,
- 122 moderate-income census tracts,
- 225 middle-income census tracts,
- 309 upper-income census tracts, and
- 9 census tracts with no income designation.

There are 10 municipalities across Essex, Mercer, Monmouth, Ocean, and Passaic Counties that participate in the NJ UEZ Program. Enacted in 1983, the UEZ Program helps foster an economic climate that revitalizes designated urban communities and stimulates their growth by encouraging businesses to develop and create private sector jobs through public and private investment. UEZ Program participating businesses benefit from reduced sales taxes and tax-free purchases on capital equipment. Additional benefits include an energy sales tax exemption for qualified manufacturing firms, financial assistance from the State Economic Development Authority, subsidized unemployment insurance, and certain tax credit options.

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

Demographic Information of the Assessment Area						
CSA 408						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	741	10.3	16.5	30.4	41.7	1.2
Population by Geography	3,303,379	9.3	16.3	30.2	43.6	0.6
Housing Units by Geography	1,236,145	7.9	16.0	32.9	42.5	0.7
Owner-Occupied Units by Geography	760,867	4.0	12.2	31.6	51.9	0.3
Occupied Rental Units by Geography	377,640	15.3	22.6	33.9	26.9	1.2
Vacant Units by Geography	97,638	10.5	19.9	38.7	29.3	1.7
Businesses by Geography	565,186	7.8	13.7	29.3	48.4	0.9
Farms by Geography	9,393	5.3	13.4	31.2	49.6	0.4
Family Distribution by Income Level	794,995	20.4	14.4	18.0	47.2	0.0
Household Distribution by Income Level	1,138,507	24.1	13.6	15.6	46.7	0.0
Median Family Income MSA - 35084 Newark, NJ-PA		\$107,333	Median Housing Value			\$417,011
Median Family Income MSA - 35154 New Brunswick-Lakewood NJ		\$113,495	Median Gross Rent			\$1,474
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$85,483	Families Below Poverty Level			6.9%
Median Family Income MSA - 45940 Trenton-Princeton, NJ MSA		\$108,756				
<i>Source: 2020 U.S. Census and 2023 D&amp;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.</i>						

The Geographic Distribution criterion for small business lending considers the distribution of businesses by tract income level within the assessment area. According to 2023 D&B data, 7.8 percent of businesses are in low-income census tracts and 13.7 percent are in moderate-income census tracts.

The Geographic Distribution criterion also compares home mortgage loans to the distribution of owner-occupied housing units, with a focus on loan penetration in low- and moderate-income census tracts. Based on 2020 U.S. Census Data, of the assessment area's housing units, 61.6 percent are owner-occupied, 30.5 percent are occupied rental units, and 7.9 percent are vacant units. Owner-occupied housing units reflect the opportunities lenders have to originate home mortgage loans. As shown in the table above, only 4.0 percent of the assessment area's owner-occupied housing units are in low-income census tracts and 12.2 percent are in moderate-income census tracts. This data reflects the limited opportunity for originating home mortgage loans, particularly in low-income geographies.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, approximately 565,186 non-farm businesses operate in this assessment area. GARs for these businesses are as follows:

- 93.1 percent have GARs of \$1.0 million or less,
- 2.7 percent have GARs of more than \$1.0 million, and
- 4.2 percent have unknown revenues.

Service industries represent the largest percentage of businesses operating in the assessment area (32.0 percent); followed by non-classifiable establishments (31.7 percent); retail trade (9.3 percent); finance, insurance, and real estate (9.0 percent); construction (6.6 percent); and transportation and communication (4.6 percent). Additionally, 56.9 percent of the assessment area’s businesses have fewer than five employees, and 95.4 percent operate from a single location.

The Borrower Profile criterion compares home mortgage loans to the percentage of low- and moderate-income families in the assessment area. As shown in the table above, 20.4 percent of the assessment area’s families are low-income, including 6.9 percent living below the poverty level, and 14.4 percent are moderate-income. Considering the area’s median housing value of \$417,011, this data suggests that it would be difficult for these individuals to qualify for a home mortgage loan or support a monthly mortgage payment. This data reflects the challenges lenders face in originating home mortgage loans to low- and moderate-income applicants.

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC)-updated median family income data to analyze home mortgage loans under the Borrower Profile criterion. The following table reflects the median family income ranges for the low-, moderate-, middle-, and upper-income categories in this assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Newark, NJ-PA Median Family Income (35084)</b>				
2022 (\$116,900)	<\$58,450	\$58,450 to <\$93,520	\$93,520 to <\$140,280	≥\$140,280
2023 (\$126,100)	<\$63,050	\$63,050 to <\$100,880	\$100,880 to <\$151,320	≥\$151,320
<b>New Brunswick-Lakewood, NJ Median Family Income (35154)</b>				
2022 (\$128,300)	<\$64,150	\$64,150 to <\$102,640	\$102,640 to <\$153,960	≥\$153,960
2023 (\$135,300)	<\$67,650	\$67,650 to <\$108,240	\$108,240 to <\$162,360	≥\$162,360
<b>New York-Jersey City-White Plains, NY-NJ Median Family Income (35614)</b>				
2022 (\$99,000)	<\$49,500	\$49,500 to <\$79,200	\$79,200 to <\$118,800	≥\$118,800
2023 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
<b>Trenton-Princeton, NJ MSA Median Family Income (45940)</b>				
2022 (\$119,200)	<\$59,600	\$59,600 to <\$95,360	\$95,360 to <\$143,040	≥\$143,040
2023 (\$129,200)	<\$64,600	\$64,600 to <\$103,360	\$103,360 to <\$155,040	≥\$155,040
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates of the counties in the assessment area gradually increased during the evaluation period and remained



comparable to the state and national trends. The following table presents annual unemployment rates by CSA 408 assessment area counties, as well as the state and national levels since 2022.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2022</b>	<b>2023</b>	<b>YTD 2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Bergen County	3.5	3.9	4.1
Essex County	4.7	5.5	5.9
Mercer County	3.3	3.9	4.1
Monmouth County	3.5	3.8	4.1
Ocean County	3.9	4.2	4.6
Passaic County	4.8	5.5	5.9
Rockland County	2.9	3.1	3.4
State of New Jersey	3.9	4.4	4.8
State of New York	4.3	4.2	4.2
National Average	3.6	3.6	3.9

*Source: Bureau of Labor Statistics*

### **Competition**

The CSA 408 assessment area is a competitive market for financial services. According to 2023 FDIC Deposit Market Share data, 70 depository institutions operated 1,168 branches within the assessment area. FCB ranked 25<sup>th</sup> out of those depository institutions by dollar amount of deposits with 0.5 percent of the deposit market share and operated nine branches in this assessment area.

There is a high level of competition for small business loans in the assessment area. FCB is not required to report small business lending data and has not elected to do so; therefore, examiners did not use aggregate lending data for comparison purposes. However, examiners reviewed the most recently available aggregate lending data to gauge the level of competition and demand for small business loans within the assessment area. According to 2022 market share data, 230 lenders originated 174,781 small business loans in the assessment area. The top five lenders, consisting of large national banks and business credit card issuers, accounted for 69.9 percent of the market share based on the number of loans originated.

There is also a high level of competition for home mortgage loans in the assessment area. Based on 2022 market share data, 678 lenders originated or purchased 85,196 home mortgage loans in the assessment area. The top five lenders, consisting of large national banks and online lenders, accounted for 21.0 percent of the market share based on number of loans originated or purchased. FCB was not among the group of lenders because the bank was not required to report HMDA data in 2022.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs. This information helps determine

whether financial institutions are responsive to these needs. It also highlights what types of credit and community development opportunities may be available.

Examiners reviewed a recent contact with a representative of an economic development organization in Bergen County. The organization assists small, medium, and large businesses; commercial developers; retailers; and manufacturers throughout Bergen County. The contact specified a primary need for additional warehouse and office space for start-up businesses and expanding small businesses.

The contact also noted that financial institutions are funding loans to small businesses directly and through SBA programs. In addition, the contact expressed that the availability of federal and state grant monies in Bergen County is limited.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that flexible working capital loan terms for new and small businesses represent credit needs within the assessment area, and additional commercial real estate space represents a primary need. Small businesses are taking advantage of SBA programs but have difficulty gaining access to federal and state grant funds. Considering 95.4 percent of area businesses operate from a single location, community development needs and opportunities exist to help businesses expand, through economic development or revitalization and stabilization efforts in low- and moderate-income areas.

Additionally, economic and demographic data supports flexible home mortgage products as a primary credit need and community services for low- and moderate-income individuals as a primary community development opportunity.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN CSA 408**

### **LENDING TEST**

FCB demonstrated reasonable performance under the Lending Test in the CSA 408 assessment area. The bank's excellent performance under the Geographic Distribution criterion and reasonable performance under the Borrower Profile criterion supports this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent small business and home mortgage lending performance supports this conclusion.

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. In 2023, FCB's small business lending performance in low- and moderate-income

census tracts significantly exceeded area demographics. The following table reflects the distribution of small business loans by census tract income level.

<b>Geographic Distribution of Small Business Loans</b>					
<b>CSA 408</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low					
2023	7.8	14	23.3	6,374	27.6
Moderate					
2023	13.7	13	21.7	4,722	20.4
Middle					
2023	29.3	13	21.7	5,378	23.3
Upper					
2023	48.4	20	33.3	6,618	28.7
Not Available					
2023	0.9	0	0.0	0	0.0
<b>Total</b>					
<b>2023</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>23,092</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. In 2023, FCB’s home mortgage lending performance significantly outperformed area demographics in both low- and moderate-income census tracts. The following table reflects the distribution of home mortgage loans by census tract income level.

Geographic Distribution of Home Mortgage Loans						
CSA 408						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	4.0	--	7	43.8	7,303	61.6
Moderate						
2023	12.2	--	5	31.3	2,925	24.7
Middle						
2023	31.6	--	4	25.0	1,630	13.7
Upper						
2023	51.9	--	0	0.0	0	0.0
Not Available						
2023	0.3	--	0	0.0	0	0.0
<b>Total</b>						
<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>16</b>	<b>100.0</b>	<b>11,858</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels. The bank's reasonable small business lending performance primarily supports this conclusion.

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. In 2023, the bank's level of lending to businesses with GARs of \$1.0 million or less significantly trailed area demographics. However, market share data supports the conclusion that FCB's performance is reasonable. Of the 174,781 small business loans reported in 2022 market share data, only 87,897 loans (49.7 percent) were made to businesses with GARs of \$1.0 million or less. This reflects that the collective of small business lenders also significantly trailed area demographics. Further, the top five lenders, each a large national bank and business credit card issuer, accounted for 69.3 percent of the small business loans to businesses with GARs of \$1.0 million or less. This reinforces the high level of competition in the marketplace for small business loans in this assessment area.

The following table reflects the distribution of small business loans by revenue category.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>CSA 408</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>≤ \$1,000,000</b>					
2023	93.1	24	40.0	9,694	42.0
<b>&gt; \$1,000,000</b>					
2023	2.7	35	58.3	13,023	56.4
<b>Revenue Not Available</b>					
2023	4.2	1	1.7	375	1.6
<b>Total</b>					
<b>2023</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>23,092</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage Loans***

As FCB primarily originates loans to non-natural persons, the bank only collected income data for one home mortgage loan in 2023. Given the limited data, examiners could not conduct a meaningful analysis.

## **COMMUNITY DEVELOPMENT TEST**

The bank’s community development performance demonstrates excellent responsiveness to community development needs in the CSA 408 assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution’s capacity and the need and availability of such opportunities for community development in the assessment area.

### **Community Development Loans**

FCB made 90 community development loans totaling \$463.8 million in the assessment area. Community development loans in this area increased 66.7 percent by number and 129.9 percent by dollar amount when compared to the previous evaluation. These loans primarily supported revitalization or stabilization activities in the area’s low- and moderate-income geographies.

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

<b>Community Development Lending</b>										
<b>CSA 408</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2022 (Partial)	7	1,897	1	2,100	0	0	47	273,143	<b>55</b>	<b>227,140</b>
2023	0	0	1	3,000	0	0	25	121,955	<b>26</b>	<b>124,955</b>
YTD 2024	1	400	1	9,240	0	0	7	52,097	<b>9</b>	<b>61,737</b>
<b>Total</b>	<b>8</b>	<b>2,297</b>	<b>3</b>	<b>14,340</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>447,195</b>	<b>90</b>	<b>463,832</b>
<i>Source: Bank Data</i>										

Below are examples of FCB’s community development loans.

- In 2022, the bank made an \$18.0 million loan to finance the construction of 29 single-family housing units in a designated UEZ in a low-income tract in Ocean County, supporting the revitalization and stabilization of the area by retaining and attracting residents.
- In 2023, the bank made a \$13.8 million loan to procure an industrial building in a low-income census tract within a UEZ in Ocean County. The project serves to revitalize and stabilize the low-income geography.
- In 2024, the bank made a \$21.5 million loan to finance the construction of an elementary school building in a moderate-income census tract in Ocean County. The project supports the revitalization and stabilization of the moderate-income geography.
- In 2023, the bank made a \$6.0 million loan to refinance a mixed-use building with 30 residential apartment units and two commercial units. The building is in a low-income census tract and UEZ in Passaic County. The financing provides revitalization and stabilization through direct and long-term benefits to this low-income geography.

**Qualified Investments**

FCB made 54 qualified investments and donations totaling approximately \$5.7 million in the assessment area. Qualified investments and donations increased 20.0 percent by number and 37.3 percent by dollar amount when compared to the previous evaluation. These activities were largely donations to support qualified community service initiatives.

The following table illustrates the community development qualified investment and donation activity by year and purpose.

Qualified Investments CSA 408										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	3,051	0	0	0	0	0	0	4	3,051
2022 (Partial)	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	2	2,527	0	0	0	0	0	0	2	2,527
<b>Subtotal</b>	<b>6</b>	<b>5,578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>5,578</b>
Qualified Grants & Donations	11	22	33	69	2	8	2	2	48	101
<b>Total</b>	<b>17</b>	<b>5,600</b>	<b>33</b>	<b>69</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>54</b>	<b>5,679</b>
<i>Source: Bank Data</i>										

Below are examples of FCB’s qualified investments and donations.

- During the review period, FCB made two donations totaling \$4,000 to a non-profit organization located in Mercer County, NJ. The organization offers a variety of social services and food to families that have incomes below the federal poverty level. Proceeds support community services for low-income families.
- In 2023, the bank made a \$2,500 donation to an affordable housing organization in a moderate-income census tract in Ocean County, NJ. Proceeds support low- and moderate-income individuals’ access to redeveloped affordable housing units and homeownership grants.
- In 2024, the bank purchased a \$1.5 million mortgage-backed security (MBS). This investment serves low- and moderate-income individuals by promoting affordable housing. The majority of borrowers under the MBS are of low or moderate-income levels in the assessment area.

### **Community Development Services**

FCB provided 55 instances of technical assistance or sharing financial expertise to 17 different community organizations. This represents a minor decrease of eight services when compared to the previous evaluation; however, the previous evaluation included one additional full year of community development activity. Community development services primarily supported organizations providing community services.

The following table displays community development services by year and purpose.

<b>Community Development Services by Year</b>					
<b>CSA 408</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2022 (Partial)	6	8	1	4	<b>19</b>
2023	6	8	1	5	<b>20</b>
YTD 2024	4	6	1	5	<b>16</b>
<b>Total</b>	<b>16</b>	<b>22</b>	<b>3</b>	<b>14</b>	<b>55</b>
<i>Source: Bank Data</i>					

Below are notable examples of FCB’s community development services.

- During the review period, a Senior Vice President (SVP) served on the Board of Directors for an affordable housing organization headquartered in a low-income census tract in Ocean County, NJ. The SVP provides technical assistance by developing housing policies and plans.
- During the review period, a Vice President (VP) provided technical assistance while serving as a Board Member of a non-profit organization that provides social services to economically disadvantaged low-income families. The organization is located in a low-income census tract in Monmouth County, NJ.
- During the review period, a VP served on the Finance Committee of an organization located in a low-income census tract and UEZ in Central NJ. The organization supports revitalization or stabilization by offering grants and micro loans to small businesses in the UEZ.

In addition, FCB’s retail banking services include two full-service branches with ATMs in moderate-income census tracts in this assessment area, as discussed in the overall description.

## **BURLINGTON COUNTY – FULL-SCOPE REVIEW**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN BURLINGTON COUNTY**

FCB designated Burlington County, NJ, as an assessment area; this area received a limited-scope review in 2021. This is the bank’s first full-scope review of this assessment area.

This assessment area represents a portion of Burlington County, including 25 census tracts out of the combined assessment area’s 766 census tracts (3.3 percent). One of the bank’s 10 branches (10.0 percent) is located in this assessment area. The bank originated 1.6 percent of its small business loans and no HMDA loans in this assessment area during 2022 and 2023. As of June 30, 2023, this assessment area accounted for 6.4 percent of the bank’s total deposits.



**Economic and Demographic Data**

The assessment area’s 25 census tracts reflect the following income designations according to 2020 U.S. Census Data:

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

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

<b>Demographic Information of the Assessment Area</b>						
<b>Burlington County</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	25	0.0	24.0	56.0	16.0	4.0
Population by Geography	94,010	0.0	17.6	56.2	22.9	3.3
Housing Units by Geography	34,619	0.0	20.0	58.5	21.5	0.0
Owner-Occupied Units by Geography	23,382	0.0	14.7	57.0	28.2	0.0
Occupied Rental Units by Geography	8,924	0.0	31.1	63.7	5.2	0.0
Vacant Units by Geography	2,313	0.0	30.7	52.4	16.9	0.0
Businesses by Geography	8,232	0.0	13.8	54.0	32.1	0.1
Farms by Geography	437	0.0	8.0	41.6	50.3	0.0
Family Distribution by Income Level	22,733	18.7	19.8	23.7	37.9	0.0
Household Distribution by Income Level	32,306	20.1	17.8	21.1	41.0	0.0
Median Family Income MSA - 12060 Atlanta-Sandy Springs-Alpharetta, GA MSA		\$100,987	Median Housing Value			\$235,916
			Median Gross Rent			\$1,432
			Families Below Poverty Level			3.8%

*Source: 2020 U.S. Census and 2023 D&B Data. Due to rounding, totals may not equal 100.0%.  
 (\*) The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion for small business loans considers the distribution of businesses by tract income level within the assessment area. According to 2023 D&B data, 13.8 percent of the assessment area’s businesses are in moderate-income census tracts. This suggests limited opportunities for lenders to originate small business loans in moderate-income geographies.

The Geographic Distribution criterion for home mortgage lending considers the percentage of owner-occupied housing units within the assessment area, with a focus on loan penetration in the area’s moderate-income census tracts. As shown in the table above, only 14.7 percent of the

assessment area’s owner-occupied housing units are in the moderate-income census tracts. This data reflects that opportunities to originate home mortgage loans in these geographies are limited.

The analysis of small business loans under the Borrower Profile criterion considers the GARs of businesses. According to 2023 D&B data, there are 8,232 non-farm businesses in this assessment area. The GARs of these businesses are as follows:

- 91.5 percent have GARs of \$1.0 million or less,
- 2.2 percent have GARs of more than \$1.0 million, and
- 6.3 percent have unknown revenues.

Service industries represent the largest percentage of businesses operating in the assessment area (31.8 percent) followed by non-classifiable establishments (26.7 percent); retail trade (9.4 percent); construction (8.1 percent); and finance, insurance, and real estate (7.2 percent). Additionally, 61.0 percent of the area’s businesses have fewer than five employees, and 93.7 percent operate from a single location. This information reflects the potential demand for, and the opportunity to originate, small business loans in this assessment area.

The Borrower Profile criterion compares home mortgage lending to the percentage of low- and moderate-income families in the assessment area. As shown in the table above, 18.7 percent of the assessment area’s families are low-income, including 3.8 percent below the poverty level, and 19.8 percent are moderate-income. This data suggests it would be difficult for a large percentage of families to qualify for a home mortgage loan or to support a monthly mortgage payment, especially considering the assessment area’s median home value of \$235,916. This data further reflects the challenges lenders face in originating home mortgage loans to low- and moderate-income applicants.

Examiners used the FFIEC-updated median family income data to analyze home mortgage loans under the Borrower Profile criterion. The following table presents median family income ranges in the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Camden, NJ Median Family Income (15804)</b>				
2022 (\$112,900)	<\$56,450	\$56,450 to <\$90,320	\$90,320 to <\$135,480	≥\$135,480
2023 (\$119,800)	<\$59,900	\$59,900 to <\$95,840	\$95,840 to <\$143,760	≥\$143,760
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates in Burlington County generally increased since the prior evaluation and remained comparable to the state and national trends. The following table presents annual unemployment rates in Burlington County, as well as the state and national levels since 2022.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2022</b>	<b>2023</b>	<b>YTD 2024</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Burlington County	3.5	3.9	4.2
State of New Jersey	3.9	4.4	4.8
National Average	3.6	3.6	3.9
<i>Source: Bureau of Labor Statistics</i>			

**Competition**

Burlington County is a relatively competitive market for financial services. According to 2023 FDIC Deposit Market Share data, 20 financial institutions operated 100 branches within Burlington County. FCB ranked 18<sup>th</sup> by number of locations with a 0.5 percent deposit market share.

There is a considerable level of competition for small business loans in the assessment area. Based on 2022 market share data, 114 lenders originated 12,538 small business loans in Burlington County. The top five lenders, consisting of large national banks and business credit card issuers, accounted for 60.2 percent of the market share based on number of loans originated.

There is also a considerable level of competition for home mortgage loans in the assessment area. In 2022, 269 lenders originated 2,669 home mortgage loans in the entirety of Burlington County. The top five lenders, consisting of all large national banks and online lenders, accounted for 21.6 percent of the market share.

**Community Contact**

Examiners contacted the Director of Economic Development from an organization in Burlington County. The organization accesses innovative financing programs for economic development and community revitalization projects. The contact stated that economic conditions in Burlington County are relatively stable. Housing valuations are high, but the market is relatively active, and houses remain on the market for a short period of time.

The contact stated that financial institutions have done well in lending to small businesses, but start-up and newly established businesses remain in need of financing. The county’s newly established businesses are most in need of credit and often have difficulty securing financing. The contact identified that borrowing has slowed with the rise of interest rates, adding that business owners are not actively seeking credit due to unpredictable interest rates.

**Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business loans to newly established businesses represent a credit need within the assessment area. While data specific to FCB’s Burlington County assessment area census tracts is not available, 2023 D&B data at the full county level shows that 64.3 percent of the area’s non-farm businesses have fewer than five employees. This demonstrates that economic development opportunities exist for lenders to serve small businesses in Burlington

County. Additionally, considering the economic and demographic information of the assessment area, a primary community development need is community services for low- and moderate-income individuals.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN BURLINGTON COUNTY**

### **LENDING TEST**

FCB demonstrated poor performance under the Lending Test in the Burlington County assessment area. The bank's poor performance under the Geographic Distribution criterion and Borrower Profile criterion support this conclusion.

#### **Geographic Distribution**

The geographic distribution of loans reflects poor dispersion throughout the assessment area. The bank's minimal loan volume in this assessment area supports this conclusion.

#### ***Small Business Loans***

The bank made two small business loans totaling \$340,000 in 2023 in this assessment area. Neither were made in moderate-income census tracts. Examiners could not draw meaningful conclusions on the penetration of loans by census tract income level.

#### ***Home Mortgage Loans***

FCB made no home mortgage loans in this assessment area in 2023. Therefore, examiners have no data to draw meaningful conclusions.

#### **Borrower Profile**

The distribution of borrowers reflects poor penetration among businesses of different sizes and individuals of different income levels. The bank's minimal loan volume in this assessment area supports this conclusion.

#### ***Small Business Loans***

The bank made two small business loans totaling \$340,000 in 2023. FCB made one loan totaling \$140,000 to a business with a GAR of \$1.0 million or less. Given the limited data, examiners could not draw meaningful conclusions on FCB's penetration of loans by GAR level.

#### ***Home Mortgage Loans***

FCB made no home mortgage loans in this assessment area in 2023. Therefore, examiners could not draw meaningful conclusions.

### **COMMUNITY DEVELOPMENT TEST**

The bank exhibits poor responsiveness to community development needs in the Burlington County assessment area through the provision of community development loans, qualified investments, and community development services.

### **Community Development Loans**

FCB made no community development loans in the Burlington County assessment area during the evaluation period.

### **Qualified Investments**

FCB made seven qualified donations totaling \$8,200. Of these, three donations in 2022 totaled \$3,100 and four donations in 2023 totaled \$5,100. All donations supported community services for low- and moderate-income individuals. Within the assessment area, qualified donations increased 75.0 percent by number and 64.0 percent by dollar amount when compared to the previous evaluation.

Notably, FCB made three donations totaling \$6,000 to two U.S. military veteran organizations that support educational and social services for low- and moderate-income individuals. FCB made four donations totaling \$2,200 to a local organization that donates food to local food pantries and soup kitchens. Donations supported community services for low- and moderate-income individuals.

FCB made no qualified investments exclusive to this assessment area; however, FCB's qualified MBS primarily directed to the CSA 408 assessment area contains three individual loans to low- and moderate-income borrowers in Burlington County that totaled \$768,531. This investment supported affordable housing.

### **Community Development Services**

Qualified community development services included two instances of providing technical assistance or financial expertise. In 2022 and 2023, a bank employee volunteered at an organization that supports community services for low- and moderate-income U.S. military veterans. The employee shared financial expertise in leading two financial education workshops.

## APPENDICES

### INTERMEDIATE SMALL 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) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## 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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that 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 (e.g., 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.

**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.