



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 7, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NexTier Bank, National Association
Charter Number: 8854

204 South Jackson Street
Evans City, PA 16033

Office of the Comptroller of the Currency

Western Pennsylvania (Pittsburgh)
4075 Monroeville Boulevard Building 2, Suite 300
Monroeville, PA 15146

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

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

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory.

- NexTier Bank N.A.'s (NBNA) record of originating loans is reasonable as evidenced by its loan-to-deposit ratio compared with that of its custom peer group of banks.
- NBNA originated a substantial majority of its residential real estate and small business loans inside its combined assessment areas (AAs).
- NBNA's record of originating residential real estate loans to borrowers of different income levels is reasonable.
- NBNA's record of originating small business loans reflects an excellent penetration of borrowers of different income levels and to businesses of different sizes.
- NBNA's record of originating residential real estate and small business loans reflects an excellent dispersion among AA geographies of different income levels.
- NBNA's community development (CD) performance demonstrates an adequate responsiveness to the CD needs of the AA through CD lending, and services.

Scope of Examination

We conducted an examination of NBNA for the purpose of evaluating its performance relative to the Community Reinvestment Act (CRA). The scope of the CRA examination included a review of NBNA's record of originating its loan products and its record of meeting community credit needs through community development (CD) loans, investments and services.

NBNA's primary loan products consist of residential mortgage and small business loans. NBNA's record of originating residential mortgages and loans to small businesses was evaluated over the period between January 1, 2009 and September 30, 2011. Residential mortgage lending includes home purchase, home improvement and home mortgage refinance loans.

In order to evaluate NBNA's record of originating residential mortgage loans, we analyzed loan data collected and reported by NBNA in accordance with Home Mortgage Disclosure Act (HMDA) requirements. We performed data integrity examinations to ensure the reliability of the HMDA loan data.

We evaluated processes employed by NBNA to ensure the accurate and complete reporting of HMDA data. We tested the accuracy of NBNA's HMDA loan data by comparing a sample of reported loans with NBNA's loan file documentation. The data integrity examination revealed that NBNA's publicly available HMDA loan data could be relied upon for the purposes of this CRA evaluation.

In order to evaluate NBNA's record of originating small business loans, we collected and analyzed data from a random sample of loans to small businesses originated by NBNA during the evaluation period.

NBNA's record of CD performance was evaluated over the period between November 13, 2007 and November 7, 2011. The evaluation period relative to NBNA's CD performance represents the time period between the conclusion of the evaluation period for NBNA's last CRA examination and the start of its current CRA examination. CD-related activities included CD loans, investments and services.

Selection of Areas for Full Scope Review

NBNA operated branch offices within the Pittsburgh and Philadelphia Metropolitan Statistical Areas (MSAs) in the State of Pennsylvania during the evaluation period. It has designated one assessment area (AA) in each MSA. The Butler County Area AA is within the Pittsburgh MSA. The Butler County Area AA consists of Butler County, northern Allegheny County, eastern Beaver County, and western Armstrong County. NBNA operates branches within three of the counties within the Butler County Area AA (Butler, Allegheny, and Armstrong Counties). The bank does not have any branches in Beaver County. The Radnor Township AA is within the Philadelphia MSA. The Radnor Township AA consists of Radnor Township, within Delaware County. NBNA operated a single purpose wealth management office in the Radnor Township AA.

Within the Butler County Area AA, NBNA operates fifteen retail branch offices. Eleven branches are located in Butler County, three branches are in Allegheny County, and one branch is in Armstrong County. According to the U.S. 2000 Census information, the total population of the four county Butler County Area AA is 289,870. NBNA's branch offices and ATMs are located within the Butler County Area AA. The Butler County Area AA meets regulatory requirements and does not arbitrarily exclude any low-or moderate-income geographies.

The branch office in the Radnor Township AA was established to provide wealth management services. It was licensed to accept deposits in March 2006. On March 18, 2011, the bank closed the office. Because of the limited services provided through the branch, no residential or small business loans were originated in the branch during the evaluation period and deposits were minimal,

representing less than one percent of the bank's total deposits.

In arriving at the overall conclusions for NBNA's performance, substantially more weight was placed on NBNA's performance in its Butler County Area AA than its Radnor Township AA. The bank has its largest presence, as measured by full service branches, in the Butler County Area AA. This is reflected in its deposit base and its lending. The Radnor Township AA consists of one branch, closed during the evaluation period, which offered very limited services.

Description of Institution

NBNA is an independently owned intrastate community bank. NBNA's headquarters and main office are located in Evans City, Pennsylvania. NBNA is a wholly owned subsidiary of NexTier, Inc., which is headquartered in Butler, Pennsylvania. Both Evans City and the City of Butler are situated in Butler County in Western Pennsylvania. Butler County is located approximately 25 miles north of Pittsburgh, Pennsylvania.

As of June 30, 2011, NBNA's assets totaled \$510.4 million, deposits totaled \$439.9 million and Tier One Capital totaled \$50.8 million. Net loans and leases totaled \$299.7 million, representing 50.4 percent of total assets. Assets included investments of \$55.6 million, real estate loans of \$257.1 million, commercial loans of \$43.5 million, and individual loans of \$3.9 million. The remainder of NBNA's asset mix consisted of agricultural loans and other loans. Residential (1-4 family) mortgage loans, commercial mortgages and commercial and industrial loans represented 25.67 percent, 49.30 percent, and 10.23 percent, respectively of NBNA's loan portfolio. Since residential mortgages and loans to small businesses are the focus of the bank, and comprise the majority of NBNA's loan portfolio, they are considered to be NBNA's primary loan products. NBNA's strategy is to continue to originate residential mortgage and business loans in its market area.

NBNA's retail branch office network is located within Allegheny, Butler and Armstrong counties. A majority of the bank's retail branches are located in Butler County. NBNA operates fifteen full service retail branch offices. NBNA did not open or close any retail branch offices within these three counties during the evaluation period. NBNA operates automated teller machines (ATMs) in conjunction with thirteen of these retail branches. Neither of the bank's branches without ATMs is in a low-or moderate-income geography. In addition to the full service retail branches, NBNA operated a single purpose wealth management office in Radnor Township, in Delaware County. The bank closed that branch office on March 18, 2011. The branch was in an upper-income geography.

There are no factors, legal or otherwise, that hinder NBNA's ability to help meet the credit needs of its AA. NBNA's most recent Performance Evaluation (PE) was dated November 11, 2007 for which a "Satisfactory" CRA rating was

assigned.

Description of Assessment Area(s)

NBNA designated two assessment areas (AAs), the Butler County Area AA within the Pittsburgh MSA, and the Radnor Township AA, within the Philadelphia MSA.

NBNA has historically operated within Butler County Area AA, where it has a significant presence. It is where the bank operates the vast majority of its offices, derives the majority of its deposits, and originates the majority of its loans. NBNA's Radnor Township AA was only designated in response to the opening of NBNA's wealth management office in March 2006. NBNA closed the Radnor Township office on March 18, 2011.

Butler County Area AA Description

NBNA's Butler County Area AA is predominately rural in nature, and includes Butler County in its entirety, in addition to selected geographies in northern Allegheny County, eastern Beaver County, and western Armstrong County. The AA includes 63 geographies in Allegheny, Armstrong, Beaver and Butler Counties. The entire AA is located within the Pittsburgh MSA. NBNA's Butler County Area AA encompasses all 39 geographies in Butler County, 19 geographies in northern Allegheny County, four geographies in Beaver County and a single geography in Armstrong County. The AA complies with CRA regulatory requirements. AA geographies are contiguous and no-low and moderate-income geographies are arbitrarily excluded from the AA.

None of the geographies within the Butler County Area AA are low-income, six are moderate-income, thirty are middle-income, and twenty-seven geographies are upper-income, respectively. Five of six moderate-income geographies are located in Butler County, and one is located in Armstrong County. 9.52 percent of the total AA population resides in moderate-income geographies. 4.85 percent of total owner-occupied housing is located within the six moderate-income geographies.

According to the 2009 FDIC market share reports for the combined counties of Allegheny, Armstrong, Beaver and Butler in their entireties, NBNA ranked fifth for deposit market share among deposit taking financial institutions. Within the four combined counties, NBNA has garnered 6.76 percent of the total dollar amount of deposits.

The 2000 census data for the AA reports a total population of 289,870, total households of 108,120 and total families of 79,804. HUD updated median family income (MFI) data for 2011 reports MFI for the AA to be \$47,195. Demographic information, derived from annually updated HUD data, also reports that of total

AA families, 13 percent, 15 percent, 2 percent, and 51 percent are of low, moderate, middle, and upper-income, respectively.

The majority of households within the Butler County Area AA (78 percent) were supported by wage or salaried jobs. Based on the 2000 census data, of AA households, 14 percent report persons over sixty-five, 26 percent derive income from social security and 8 percent are below poverty level. The 2000 census data shows that of total AA housing units, 77 percent were owner occupied and the median housing value equaled \$121,357. Housing stock primarily consists of older homes with the median year built of 1969. These AA demographic factors impact loan demand for residential mortgage loans. Particularly affected is residential mortgage demand from low-and moderate-income borrowers impacted by issues concerning housing availability and affordability. Available data lists the Pittsburgh MSA unemployment rate at 6.8 percent.

According to the 2011 business demographic data, 33,714 businesses operate within NBNA's Butler County Area AA. 1,040 of the businesses are farms. Small businesses in the AA, which report revenues of less than or equal to \$1 million, represent 65.5 percent of total AA businesses. Approximately 60.03 percent of AA businesses reported having fewer than four employees. Service businesses represent 40.51 percent of the businesses within the AA, and 23.07 percent of the businesses are not classified establishments and 40.51 percent are classified as establishments. Additional AA businesses are classified as follows: retail trade (9.43 percent), construction (7.49 percent), finance, insurance and real estate (6.53 percent), wholesale trade (3.46 percent), manufacturing (2.94 percent), agriculture, forestry and fishing (3.08 percent), transportation, communication (2.54 percent), public administration (0.82 percent), and mining (0.13 percent).

NBNA encounters strong AA competition. Within its Butler County Area AA, NBNA's competition includes local community banks and multi-billion dollar banks with a strong presence in western Pennsylvania. Although competition is strong, NBNA benefits from its long time historical presence in the AA.

Examiners initiated contact with one community based organization within NBNA's Butler County Area AA. Specifically, examiners contacted the executive director of a local governmental agency focusing on housing and redevelopment within Butler County. The agency exists and operates for the purpose of the elimination of blighted areas through economically and socially sound redevelopment. Its mission is to assist the Butler County community with economic development, affordable housing, and the promotion of home ownership opportunities. The community contact described the area as growing in population primarily in the southern part of the county due to the addition of a major corporation, which provided approximately 4,000 new jobs. The community contact indicated there is a need for loans for new housing, and also preservation of affordable housing for Butler City residents. He indicated that

area institutions were providing loans for new housing, but that has declined, and affordable housing loans are not adequately provided by area financial institutions. The organization is continually seeking funds for various projects for neighborhood revitalization and affordable housing development. The contact also indicated that a few large banks had been involved in various projects taken on by the agency in past years, but have curtailed lending within the past year, except for land and building acquisition, and construction and development financing.

Radnor Township AA Description

NBNA's Radnor Township AA is predominately suburban in nature. The Radnor Township AA includes Radnor Township in its entirety. Radnor Township is comprised of six geographies in Delaware County, Pennsylvania. Delaware County is situated within the Philadelphia MSA. None of the geographies in the Radnor Township AA are classified as low or moderate income.

NBNA's presence in its Radnor Township AA consists of a limited purpose wealth management office. NBNA operated the Radnor office for the purpose of serving NBNA's private wealth management clients. The office was not available for use by the general public and the hours were by appointment only. The office was licensed to accept deposits. It was closed by NBNA on March 18, 2011.

For NBNA's Radnor Township AA, 2000 census data reports a total population of 30,878, total households of 10,383 and total families of 6,417. HUD data updated for 2007 reports the Radnor Township AA median family income to be \$69,800. Demographic information derived from annually updated HUD data, also reports that of total AA families, 8 percent, 9 percent, 12 percent, and 71 percent are low-, moderate-, middle-and upper-income respectively. However, all families reside in upper income geographies.

The majority of the households (77 percent) in the AA were supported by wage or salaried jobs. For the same period, of Radnor Township AA households, 13 percent report persons over sixty-five, 26 percent derive income from social security and 8 percent are below poverty level. The 2000 census data reports that for 2007, 61 percent of the housing units within the Radnor Township AA are owner occupied and the median housing value equaled \$297,953. Housing stock consists primarily of older homes with the median year built of 1958. These AA demographic factors impact loan demand for residential mortgage loans. Particularly affected is residential mortgage demand from low and moderate income borrowers impacted by issues concerning housing affordability.

According to the 2007 business demographic data, 2,718 businesses operate within NBNA's Radnor Township AA, of which 37 are farms. Of this total, 1,959 or 72 percent of these businesses report revenues less than or equal to \$1 million. Approximately 62 percent reported having fewer than four employees.

Service businesses represent 46.9 percent of the total and 13.9 percent of total businesses are classified as finance, insurance and real estate. Additional Radnor Township AA businesses are classified as follows: retail trade (13.1 percent), non classified establishments (11.1 percent), construction (5.0 percent), manufacturing (3.3 percent), wholesale trade (3.0 percent), transportation, communication (1.9 percent), agriculture, forestry and fishing (1.4 percent), public administration (.3 percent), and mining (.2 percent).

NBNA's competition included local community banks and multi-billion dollar banks. The nature of the bank's operation in the AA and strong competition provided by other banks significantly affected its lending and deposit base.

Conclusions with Respect to Performance Tests

The conclusion on NBNA's performance is based primarily on its performance in the Butler County Area AA. Minimal weight is ascribed to performance in the Radnor Township AA because of the bank's very limited presence in the AA, the specialized services and products offered through its office, and the closure of the office during the evaluation period. The Butler County Area AA is the AA in which NBNA has historically operated and has a significant presence. NBNA operates its only full service retail branches in the AA. It derives the majority of deposits and originates the majority of its loans in the AA.

In arriving at the lending test conclusions, more weight was placed on NBNA's record of originating small business loans than its record of originating residential mortgage loans since business lending represents a primary focus of the bank and the more significant portion of its lending.

LENDING TEST

Loan-to-Deposit Ratio

NBNA's loan-to-deposit (LTD) ratio, as compared to the average LTD ratio exhibited by peer banks over the same period, is reasonable.

NBNA's quarterly average LTD ratio is reasonable compared to similarly situated financial institutions operating in the same market, within the context of competitive factors present. NBNA's average quarterly LTD ratio for the evaluation period is 75 percent. This ratio is in line with the quarterly average LTD ratio for similarly-situated financial institutions at 72 percent. Similarly situated financial institutions included Pennsylvania banks with assets between \$250 million and \$750 million, operating within the same counties as NBNA.

Lending activity over the evaluation period was measured by comparing the eleven quarter average, loan-to-deposit ratios reported by NBNA and its local peer group. The eleven quarter average LTD was calculated using financial data

reported since the previous evaluation. Specifically, the calculation included quarter end financial data reported for each of the eleven quarters from the first quarter of 2009 through the third quarter of 2011.

Lending in Assessment Area

NBNA originated a substantial majority of its residential mortgage loans and small business loans inside its combined AAs.

In order to evaluate NBNA's lending in its combined AAs over the evaluation period, we measured and analyzed NBNA's record of originating loans inside versus outside of its combined AAs. Specifically, we compared the volume of residential and loans to small businesses originated within its combined AAs to the volume of loans outside of its combined AAs. These loans constitute NBNA's primary loan products.

We measured and analyzed residential real estate and small business loans originated by NBNA during 2009, 2010, and the first three quarters of 2011. NBNA's residential real estate loan originations included loans for purposes of home purchase, home improvement and home refinance. We also analyzed loans to small businesses by collecting data from a random sample of small business loans originated by NBNA during the same evaluation period.

The analysis of NBNA's residential real estate loans originated during the evaluation period shows that 496 HMDA-reportable loans were originated for a total of \$67.9 million. Three hundred seventy-three (75.44 percent of the total number of residential mortgage loans) of those residential mortgage loans were originated in the combined AAs, resulting in a total volume of lending in the combined AAs of \$50.3 million (75.14 percent of the dollar volume of residential mortgage loans). There were 123 residential real estate loans originated outside the combined AAs, for a total volume of \$17.6 million. An analysis of a sample of 21 loans to small businesses from the same time period revealed that twenty (95.24 percent) of the sample of small business loans were originated within the combined AAs.

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

NBNA's record of originating loans to small businesses reflects an excellent penetration among Butler County Area AA borrowers of different income levels, and businesses of different sizes. NBNA's record of originating residential real estate loans to borrowers of different income levels is reasonable.

Butler County Area AA

The bank demonstrated a reasonable penetration in its origination of residential real estate loans to borrowers of different income levels within the Butler County Area AA.

Data collected and reported by NBNA in accordance with HMDA requirements was analyzed. The analysis was performed to assess NBNA’s record of distributing its residential real estate loan originations among Butler County Area AA borrowers of different income levels.

Demographic data compiled during the 2000 census for NBNA’s Butler County Area AA, reports income levels of AA families as follows:

- 13.34 percent of Butler County Area AA families are low-income families
- 15.02 percent of Butler County Area AA families are moderate-income families
- 20.98 percent of Butler County Area AA families are middle-income families
- 50.66 percent of Butler County Area AA families are upper-income families

Low income Butler County Area AA families by definition are families with annual incomes below \$28,700. Moderate income Butler County Area AA families by definition are families with annual incomes between \$28,700 and \$45,920.

The following table details the distribution of residential real estate loans originated by NBNA during the evaluation period in its AA among borrowers of different income levels.

Table 1 – Butler County Area AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	13.34%	8.42%	15.02%	13.74%	20.98%	19.02%	50.66%	58.82%
Home Improvement	13.34%	15.45%	15.02%	26.68%	20.98%	32.13%	50.66%	25.74%
Home Mortgage Refinance	13.34%	5.73%	15.02%	8.56%	20.98%	26.89%	50.66%	58.82%

Source: Data reported under HMDA; 2000 U.S. Census data.

Although NBNA’s record of originating residential mortgages to low or moderate-income Butler County Area AA borrowers for home purchases and refinances is lower than the ratio of AA families classified as low or moderate-income, its record of originating home improvement loans to low or moderate-income AA borrowers exceeds the ratio of AA families classified as low-or moderate-income.

Opportunities to originate residential real estate loans within the AA may be impacted by demographics, including the extent to which the Butler County AA population is age 65 or older, retired, eligible for social security and/or at or below poverty level.

Radnor Township AA

Over the evaluation period, NBNA did not originate any residential mortgage loans in its Radnor Township AA. This is consistent with the nature of its very limited purpose office.

Small Business Lending

The bank's record of originating loans to small businesses of different income levels is excellent.

Butler County Area AA

NBNA has demonstrated an excellent penetration in its lending to Butler County Area AA small businesses. Data collected from a sample of NBNA's small business loans originated in the Butler County Area AA was analyzed. The analysis was performed to assess NBNA's record of distributing its small business loan originations in the Butler County Area AA to businesses of different sizes. Specifically, we analyzed data from loans originated to 21 small businesses. Only one of the businesses in the sample came from outside the AA. Based upon our sample, 95 percent of the bank's lending relationships were with businesses within the Butler County Area AA. NBNA originated 28 loans to the businesses in our sample during the evaluation period. 25 of the 28 loans (89.29 percent) in the sample were originated to small businesses located within the Butler County Area AA.

Business demographic data compiled from the Butler County Area AA 2011 business demographic data shows the following revenue results:

- 65.19 percent report annual revenues < or = \$1 million
- 3.28 percent report annual revenues > than \$1 million
- 31.54 percent did not report annual revenues

Small business loans are defined as those loans made to business enterprises whose annual gross revenues are \$1 million or less. Within the Butler County Area AA, 65 percent of businesses are classified as small businesses. Comparatively, 14 of the 20 (70 percent) businesses in our sample had annual revenues equal to or less than \$1 million.

The vast majority of business purpose loans originated by NBNA to Butler County Area AA businesses represent the smaller dollar amounts needed by small Butler County Area AA businesses. For example, of analyzed business

purpose loans originated within the Butler County Area AA, 71 percent were originated for dollar amounts of \$100,000 or less.

Radnor Township AA

Over the evaluation period, NBNA did not originate any small business loans within its Radnor Township AA. This is consistent with the nature of its very limited purpose office.

Geographic Distribution of Loans

NBNA's record of originating residential mortgage and small business loans reflects an excellent dispersion among AA geographies of different income levels.

Residential Real Estate Lending

The bank's record of originating residential mortgage loans among AA geographies of different income levels reflects an excellent dispersion.

Butler County Area AA

NBNA has demonstrated an excellent dispersion in its origination of residential real estate loans to geographies of different levels within the Butler County Area AA.

Data collected and reported by NBNA in accordance with HMDA requirements was analyzed. The analysis was performed to assess NBNA's record of distributing its residential real estate loan originations among Butler County Area AA geographies of different income levels.

Demographic data compiled during the 2000 U.S. census for NBNA's Butler County Area AA indicates that owner-occupied AA housing is geographically disbursed as follows:

- 4.85 percent are located in moderate-income geographies.
- 46.98 percent are located in middle-income geographies.
- 48.17 percent are located in upper-income geographies.

There are no low-income geographies in the AA and less than 5 percent of owner-occupied housing is in moderate-income geographies. The vast majority of owner-occupied housing is located in middle and upper-income geographies.

The following table details the distribution of residential real estate loans originated by NBNA during the evaluation period in its Butler County Area AA geographies of different income levels.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00%	0.00%	4.85%	12.08%	46.98%	57.68%	48.17%	30.24%
Home Improvement	0.00%	0.00%	4.85%	5.05%	46.98%	84.86%	48.17%	10.09%
Home Refinance	0.00%	0.00%	4.85%	6.08%	46.98%	59.42%	48.17%	34.50%

Source: Data reported under HMDA; 2000 U.S. Census data.

NBNA’s record of originating home purchase, home improvement loans and home mortgage refinance loans within moderate-income AA geographies exceeds the ratio of owner-occupied housing available within moderate-income AA geographies.

Radnor Township AA

Over the evaluation period, NBNA did not originate any residential mortgage loans in its Radnor Township AA. This is consistent with the nature of its very limited purpose office.

Small Business Lending

The bank’s record of originating loans to small businesses among AA geographies of different income levels reflects an excellent dispersion.

Butler County Area AA

The bank’s record of originating loans to small businesses among geographies of different income levels within the Butler County Area AA reflects an excellent dispersion.

Data collected from a sample of NBNA’s small business loans originated in NBNA’s AA was analyzed. The analysis was performed to assess NBNA’s record of distributing its small business loan originations among Butler County Area AA geographies of different income levels. Specifically, we analyzed the bank’s lending relationship with 21 small businesses.

Demographic data compiled during the 2000 U.S. census for NBNA’s AA indicates that businesses are geographically dispersed as follows:

- 5.91 percent are located in moderate-income geographies
- 39.56 percent are located in middle-income geographies
- 54.53 percent are located in upper-income geographies

NBNA's record shows that 30.0 percent of small business purpose loans originated over the evaluation period were originated within moderate-income AA geographies. Comparatively, of AA businesses, just 5.9 percent are located within moderate-income Butler County Area AA geographies.

NBNA's record of originating small business loans in the bank's AA moderate-income geographies exceeds the percentage of originations for businesses located within moderate-income AA geographies. As described previously, the AA has no low-income geographies.

Radnor Township AA

Over the evaluation period, NBNA did not originate any loans to small businesses within its Radnor Township AA. This is consistent with the nature of its very limited purpose office.

Responses to Complaints

No complaints have been received since the previous examination.

COMMUNITY DEVELOPMENT TEST

NBNA's community development performance represents adequate responsiveness to the CD needs of its combined AAs.

Butler County Area AA

The bank's community development performance represents adequate responsiveness to the needs of the Butler County Area AA.

Radnor Township AA

The bank did not originate any CD loans or investments or offer any CD services within the AA during the evaluation period. The weight given to the lack of CD performance is minimal because of the bank's very limited presence within the AA.

Number and Amount of Community Development Loans

Competition from both large regional and other area community financial institutions for originating CD loans is very strong. Local county and city non-profit organizations, including the housing and redevelopment authorities, increasingly use tax credit and bond issues to finance larger CD projects. Opportunities to originate CD loans within the AAs are more limited and spread among many financial institutions, including NBNA. Despite the strong

competition for CD lending opportunities, NBNA took the initiative in pursuing opportunities to originate CD loans.

Butler County Area AA

NBNA, over the evaluation period, originated seven CD loans totaling \$2,792,437 within the Butler County Area AA. The CD loans were responsive to identified AA community needs. The CD loans originated by NBNA that would not otherwise be identified as a small business loan are described below.

During the evaluation period, NBNA originated two \$500,000 installment loans to a local housing authority for construction of duplexes, which provides housing for low-and moderate-income AA seniors, low-and moderate-income families, and individuals with disabilities. Low-and moderate-income, family community and senior housing units, totaling 667 units, are located throughout Butler County. The loan proceeds enabled the housing authority to provide affordable housing for low-and moderate-income AA residents.

Two installment loans were originated by NBNA to a local Federally Qualified Health Care Center, which provides covered services for Medicare beneficiaries. The loans for \$584,500 and \$500,000 were used for the purchase of a commercial building, which provided housing for low-and moderate-income AA residents. The center is a local non-profit association serving the needs of low-and moderate-income AA residents with developmental disabilities, and services include interventional health care, independent living skills training, employment preparation, and job placement. It also provides comprehensive primary care, including health, oral, and mental health/substance abuse services to persons of all ages, regardless of their ability to pay. Ninety percent of the center residents or patients have incomes below 200 percent of the federal poverty line, and 40 percent of the health care patients have no health insurance.

NBNA originated one installment loan for \$7,937 to a local redevelopment authority during the evaluation period. The loan proceeds are part of a redevelopment zone project for the City of Butler for financial improvements to an existing baseball team stadium located in a moderate-income Butler County Area AA geography, targeted for redevelopment by a local government authority. The proceeds contributed to the revitalization and stabilization of the moderate-income AA geography by retaining or creating permanent jobs.

NBNA provided an annually renewed line of credit of \$500,000, with no outstanding balance, for a local non-profit association that provides services for low-and moderate-income Butler County Area AA residents with developmental disabilities. Services provided by the association include early intervention health care, independent living skills training, employment preparation, and job placement. The line of credit contributes to the provision of services for low-and moderate-income AA residents with mental retardation that assist them to be

educated in public schools, employed in the community, and live in their local community.

The bank also carried forward an annually-renewable \$200,000 line of credit to a local non-profit organization. The organization provides free confidential services in the Butler County Area AA to the chronically homeless, victims of domestic violence, substance abuse, and to those with mental health issues. Services include transitional housing, rental assistance, job readiness, preparation, and counseling. Over 90 percent of individuals served have income levels below federal poverty guidelines. The purpose of the line of credit was to provide housing and services to low-and moderate-income AA residents.

Overall, the CD loans originated within the Butler County Area AA total \$2.8 million, and represent 5.49 percent of tier one capital of \$51 million, as of June 30, 2011.

Radnor Township AA

Over the evaluation period NBNA did not originate any community development loans which specifically benefited its Radnor Township AA. This is consistent with the bank's very limited presence and operation within the AA.

Number and Amount of Qualified Investments

Nextier had no qualified investments during the evaluation period. Limited opportunities for purchasing CD investments exist within NBNA's combined AAs, since competition from both large regional and other area community financial institutions for purchasing CD investments is very strong.

Extent to which the Bank Provides Community Development Services

Butler County Area AA

NBNA representatives, over the evaluation period, participated in various CD services which were responsive to its Butler County Area AA needs. CD services in which NBNA representatives participated are described below. NBNA's President serves as Board Member and Finance Committee Member for the Butler County Community Development Corporation; one of the bank's commercial lenders serves as Director for the Shenango Valley Industrial Development Corporation; NBNA's Executive Administrator is Treasurer for Habitat for Humanity in Zelienople, Pennsylvania. The bank's Senior Commercial Lender is a Board Member for Parker Personal Care Home, which provides affordable housing and health care for elderly low-and moderate-income residents, and he is also a Pending Board Member for the Housing Authority of Butler County in Parker Heights.

Radnor Township AA

NBNA did not participate in any CD services which specifically benefitted the Radnor Township AA. This is consistent with the bank's very limited presence and operation within the AA.

Responsiveness to Community Development Needs

Butler County Area AA

NBNA participated in various CD services which adequately responded to its Butler County Area AA needs.

Radnor Township AA

NBNA's office in the Radnor Township AA served a very specific clientele and offered limited products and services. The lack of CD services performed by this office was consistent with the bank's very limited presence and operation within the AA.

Fair Lending or Other Illegal Credit Practices Review

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